AUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED

28 FEBRUARY 2019

AYO™ TECHNOLOGY SOLUTIONS LIMITED

DIGITAL ECONOMY. TRANSFORMED

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INDEX

AYO TECHNOLOGY SOLUTIONS LIMITED

(Incorporated in the Republic of South Africa)
Registration number: 1996/014461/06
Share code: AYO
ISIN: ZAE000252441
("AYO" or the "Group" or the "Company")

HIGHLIGHTS

REVENUE
98% to R690m

PROFIT BEFORE TAX
113% to R166m

TOTAL ASSETS
15% to R5.2b

EARNINGS PER SHARE
87% to 28.61 cents per share

HEADLINE EARNINGS PER SHARE
90% to 28.56 cents per share

ACQUIRED

SIZWE AFRICA IT GROUP

Delivering Excellence Together

Successfully completed the acquisition of a
55%
shareholding in Sizwe Africa Proprietary Limited ("Sizwe")

SGT SOLUTIONS

Successfully completed the acquisition of a
40%
shareholding in SGT Solutions Proprietary Limited ("SGT Solutions")

Overview of the AYO Group

AYO Technology Solutions Limited ("AYO") including its subsidiaries is one of the largest Broad-Based Black Economic Empowerment ("B-BBEE") information and communications technology ("ICT") groups in the South African market. We operate across a variety of industry verticals and geographies to deliver the full spectrum of ICT related products and services – from physical infrastructure to networking, data storage and security, connectivity and communications.

Our collaborative business model combined with strong empowerment credentials and solid strategic partnerships sets us apart from our competitors. We use an open innovation process to cross-pollinate novel solutions across industries and thus transform our clients' organisations and their respective economic sectors.

Our highly specialised skilled staff are critical to our success, enabling AYO to drive innovation in the marketplace. Thus, attracting and nurturing talent underpins all our decisions and actions. Through the AYO Academy (our flagship CSI initiative) we strive to develop tomorrow's ICT leaders who will take our Group, as well as the South African digital transformation movement, to new heights.

We believe that to truly propel our economy we need to work together, by establishing and fostering strategic partnerships which include suppliers, clients, governing bodies and the broader community who remain paramount to everything we do. As the age-old African proverb goes "If you want to go fast, go alone. If you want to go far, go together."

As at 28 February 2019, the AYO Group employs over 1,400 people and has over 500 clients in both the public and private sector with operations located in South Africa, Mauritius, East Africa and the United Kingdom.

Financial market announcements

Several SENS announcements were published during the 2019 financial year. The majority relate to allegations against the Company regarding the 2018 interim financial results at the Public Investment Corporation ("PIC") Commission of Inquiry. The Johannesburg Stock Exchange Limited ("JSE") requested AYO's external auditors, BDO South Africa Incorporated ("BDO"), to perform a factual findings report on the 2018 interim financial results, as a result of management having identified certain misstatements resulting in a Reportable Irregularity being identified. Management believes that their improved governance processes have ensured that the Reportable Irregularity as reported in the 2018 interim financial results did not continue. Management is of the opinion that the issues noted are isolated to the 2018 interim financial period.

Financial market announcements (continued)

Subsequent to the factual findings report from BDO, several enquiries were received from the JSE, either in relation to the accounting treatment in terms of IFRS of the misstatements identified, the governance of AYO or the continued listing of AYO on the JSE. AYO has addressed the JSE's concerns on the governance of the Company and remains committed to continue to improve its governance processes.

The JSE requested that the 2018 and 2019 interim financial results be audited. The interim audits have been successfully completed and the directors are pleased to present the audited results which are outlined in pages 15 to 65 of this report.

Group financial performance

AYO delivered a strong financial performance for the six months ended 28 February 2019 despite a challenging operating and economic environment with revenue increasing by 98% to R690 million, profit before tax increasing by 113% to R166 million and headline earnings per share ("HEPS") increasing by 90% to 28.56 cents per share. The improved financial performance was predominately from significant organic growth as a result of a contract with a multi-national Company that commenced in July 2018 and acquisitive growth in relation to the acquisitions of Sizwe IT Proprietary Limited ("Sizwe") and SGT Solutions Proprietary Limited ("SGT Solution").

Operating expenses increased significantly during the period mainly as a result of the inclusion of the results of Sizwe and SGT Solutions as well as the increase in operational capacity of AYO in anticipation of obtaining new contracts. Total operating expenses of R45 million have been included in the current year from Sizwe and SGT Solutions.

As a result of listing in the prior financial year, the Group had a once-off equity-settled share-based payment expense of R12 million, goodwill impairment of R5 million, listing costs of R7 million and a loss from disposal of a subsidiary of R5 million. In the current period, the Group incurred once-off expenses of R3 million related to the acquisitions of subsidiaries and R4 million on legal costs.

AYO and a significant customer concluded an ICT Master Service Agreement in May 2018 in terms of which AYO would render to the significant customer a host of ICT services effective from 1 April 2018 for an indefinite period as long as the services are provided under the agreement. However, on 1 October 2019 this significant customer gave AYO six months' notice to terminate the agreement. AYO disputed this significant customer's right to cancel the agreement. By virtue of the dispute, AYO invoked the arbitrations provisions under the agreement. On 22 January 2020, AYO and the significant customer, by mutual agreement, reached a settlement in respect of the declared dispute. AYO will cease to provide the significant customer with ICT services on 31 July 2020.

Since the Group listed it raised R4.3 billion and utilised a portion of the funds into major contracts which have significantly contributed to revenues. The Group utilised R220 million of the funds for the strategic acquisitions of new subsidiaries Sizwe, SGT Solutions and GCCT. R145 million was utilised to purchase cumulative preference shares from Bambelela Capital Proprietary Limited and R100 million was utilised for the establishment of a Fintech fund. The Group also invested an amount of R153 million into 4Plus an investment holding company which is focused primarily on pursuing opportunities arising out of the 4th industrial revolution on the African continent and K2018010234 (South Africa) Proprietary Limited ("KSA") a company established by AYO and Loot online to specialise in e-commerce with a key focus being on the business-to-business marketplace for fashion, luxury goods and services in Africa. Since listing the Group has paid dividends of R221 million. The Group has also provided working capital funding for its subsidiaries to enable growth and expansion into different markets. The majority of the raised capital is still invested in banks and interest income of R488 million has been received from the banks since listing. Refer to the cash flow statement for a more detailed analysis on the cash movements of the Group.

Divisonal performance

Software and consulting

	Audited six months ended 28 February 2019 R'000	Audited six months ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000
Revenue	**32 490**	35 855	73 415
Gross profit	**12 943**	17 879	24 514
EBITDA	**5 213**	3 386	(465)
Profit before tax	**4 819**	2 250	(1 450)

The software and consulting services division focuses on providing scalable digital solutions to retailers, media groups and brand agencies in Africa, the United States and Europe. The products developed are primarily focused on assisting clients in optimising business processes and customer experiences using technology. The division also offers a specialised digital media product set assisting organisations with the commercialisation of digital content.

Revenue decreased by 9.38% from R36 million to R32 million mainly as a result of ICT cost cutting from a major customer which impacted on the ability of the division to generate additional revenue from the major customer. However, operating margins remained consistent with those of the prior period. The division continues to aggressively manage costs and pursue additional clients to ensure that margins and profitability are maintained.

Security solutions

	Audited six months ended 28 February 2019 R'000	Audited six months ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000
Revenue	**141 229**	223 156	335 352
Gross profit	**57 624**	74 127	106 734
EBITDA	**13 217**	23 966	15 859
Profit before tax	**13 362**	23 276	16 812

The security solutions division deploys customised security systems to organisational clients with its key focus on identity, access management and Governance, Risk and Compliance (GRC) management. Revenue decreased by 36.71% from R223 million to R141 million while gross margins improved from 33.21% in the prior period to 40.80% in the current period.

The division had a significant non-recurring contract in the prior period which lead to a decrease in revenues in the current reporting period.

Revenue is generated from providing both services and product sales, of which service revenue has a higher margin than product sales. In the current interim period, the focus remained on increasing service revenue due to the higher margin which resulted in the proportion of service revenue to product sales being higher in the current period as compared to the prior period. This optimal sales mix resulted in an increase in gross margins compared to the prior period.

Divisonal performance (continued)

Unified Communications

	Audited six months ended 28 February 2019 R'000	Audited six months ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000
Revenue	**37 989**	40 081	75 552
Gross profit	**14 694**	13 741	20 360
EBITDA	**1 330**	4 879	110
Profit before tax	**1 032**	3 991	(800)

The unified communications division is a reseller of telecommunications and gaming equipment of globally recognised brands. The key brands that are sold by the division are Plantronics and Konftel. The division managed to secure two additional global brands namely, Jabra and PolyCom from July 2019.

Revenue decreased by 5.22% from R40 million to R38 million as a result of reduced sales volumes of telecommunications equipment in the months of December 2018 and January 2019. There was an impairment of a loan of R4 million in the current period. Excluding the impairment the project before tax of this division would have been R5 million. Plans were put in place to reduce costs, which resulted in the overall increase in profitability.

Health care

	Audited six months ended 28 February 2019 R'000	Audited six months ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000
Revenue	**53 134**	49 580	100 975
Gross profit	**19 060**	13 524	37 260
EBITDA	**8 025**	9 271	14 886
Profit before tax	**8 220**	8 220	14 627

The health care division is a specialist provider of optimised and integrated healthcare ICT solutions. The division provides modular and integrated healthcare information systems across all levels in the public and private sector. Revenue for the division increased by 7.17% from R50 million to R53 million, with an increase on gross profit of 8.59% in the current period. Although revenue is primarily derived from the public sector, the increase in revenue was mainly generated from a successful delivery of a pilot project in relation to a health information exchange for the private health sector. The division continues to focus on meeting and exceeding its ongoing service level commitments and KPIs with all of its customers.

Divisonal performance (continued)

Managed services

	Audited six months ended 28 February 2019 R'000	Audited six months ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000
Revenue	**425 127**	-	53 599
Gross profit	**75 796**	-	9 091
EBITDA	**(13 972)**	-	(90 674)
Profit before tax	**(17 929)**	-	(91 063)

The managed services division is focused on providing network infrastructure, support services and end-to-end solutions for enterprises.

Included in this division are the operational results from the contract which AYO secured with a multinational company, as well as the operational results of Sizwe and SGT Solutions. Sizwe was acquired by the Group effective 19 December 2018 and SGT Solutions was acquired by the Group effective 28 February 2019.

AYO commenced work on the contract with a multinational company in July 2018, and work on the contract has progressed well. Revenue of over R200 million was generated in relation to this contract, of which the gross margin amounted to R25 million. AYO is focused on obtaining additional contracts from other multinational companies in order to further organically grow revenue and increase profitability in this division.

Sizwe offers various ICT services to its customers, including a focused spectrum of physical infrastructure, metro and long-distance optic fibre, facility management, continuous energy supply, networking and security solutions to hosting, storage server processing, mobility, data centre, end-user computing and associated consumables. AYO has consolidated revenue of R230 million and gross margins of R50 million from Sizwe for the two and a half months from 19 December 2018 to 28 February 2019.

Acquisitions

Bambelela Capital Proprietary Limited ("Bambelela")

On 28 September 2018, AYO concluded the acquisition of a 32% shareholding in Bambelela Capital Proprietary Limited ("Bambelela") (previously Vunani Group Proprietary Limited). Bambelela holds a 49% shareholding in Vunani Limited, a diversified financial services Group.

The directors have concluded that the Group has no significant influence over Bambelela even though it has 32% of the voting rights. This is because the Group has no representation on the board of directors and AYO does not participate in any financial or operating policy decision in Bambelela. The voting rights only provide AYO with limited decision-making powers. Consequently, the investment has been accounted for in accordance with IFRS 9 at fair value through profit for loss ("FVTPL").

On 14 December 2018, AYO subscribed for 500 000 cumulative, redeemable, non-participating, convertible Class C preference shares of no-par value in Bambelela for a consideration of R145 million.

Zaloserve Proprietary Limited ("Zaloserve")

On 19 December 2018, AYO concluded the acquisition of a 55% shareholding in Zaloserve. Zaloserve is an investment holding company that holds a 100% shareholding in Opiwize Proprietary Limited which in turn holds a 100% shareholding in Sizwe Africa Proprietary Limited ("Sizwe"). Sizwe offers various ICT services to its customers, including a focused spectrum of physical infrastructure, metro and long-distance optic fibre, facility management, continuous energy supply, networking, security and hosting services, storage server processing, mobility, data centre, end-user computing and associated consumables. Sizwe has annual revenue in excess of R1 billion, generates positive cash from operations in excess of R75 million and earnings before interest, tax, depreciation and amortisation ("EBITDA") in excess of R70 million.

Mainstreet 1653 Proprietary Limited ("Mainstreet")

On 9 February 2019, the Group acquired a 40% shareholding in Mainstreet. On 28 February 2019, Mainstreet concluded the acquisition of 100% equity interest in SGT Solutions Proprietary Limited ("SGT Solutions"). Although AYO only has a 40% equity interest it has been determined that AYO controls Mainstreet in terms of IFRS 10 Consolidated Financial Statements. As per the shareholders agreement, AYO has the right to appoint directors and key management personnel, which gives AYO the power to direct the relevant activities of Mainstreet.

SGT Solutions is a turnkey solutions integrator specialising in the design, supply, deployment, commissioning and maintenance of multi-technology telecommunication systems for mobile broadband and converged solutions, through partnerships with its customers and technology providers. SGT Solutions earned annual revenue in excess of R400 million in the past year and generates EBITDA in excess of R40 million annually.

Governance Matters

1. Directorate

The directors in office at the date of this report are as follows:

Director	Office	Designation	Date of appointment	Date of resignation
H Plaatjes	Chief Executive Officer	Executive	21 December 2018	
IT Bundo	Chief Financial Officer	Executive	22 January 2019	
V Govender	Corporate Affairs	Executive	21 December 2018	
AM Salie	Chief Investment Officer	Executive	22 January 2019	6 May 2019
N Gamieldien	Chief Financial Officer	Executive	19 May 2014	22 January 2019
Dr WA Mgoqi	Chairman	Non - executive	20 August 2018	
AB Amod		Non - executive	26 February 2013	
CF Hendricks		Non - executive	6 July 2009	22 January 2019
S Young		Non - executive	10 November 2017	22 January 2019
Dr DH George		Non - executive	20 August 2018	
RP Mosia		Non - executive	21 August 2018	
SM Rasethaba		Non - executive	24 August 2018	
NA Ramathlodi		Non - executive	7 March 2018	
TT Hove		Non - executive	20 December 2018	19 August 2019
I Amod		Non - executive	22 January 2019	
K Abdulla	Deputy Executive Chairman	Executive	12 March 2020	

2. Dividends

A maiden interim gross dividend of 35 cents (2018: nil cents) per share was declared out of income revenues in respect of ordinary shares of no-par value for the six months ended 28 February 2019.

3. Investment decisions

Upon the resignation of AM Salie (previous Chief Investment Officer ("CIO")) from the Board and the Investment Committee, this role was taken over on an interim basis by IT Bundo, the Chief Financial Officer ("CFO"). After his resignation, AM Salie entered into an agreement with AYO for the period 1 June 2019 to 31 May 2019, in which he provided consulting services on the evaluation of investments and the presentation of investments for evaluation by the Investment Committee. The Investment Committee recommends investments for approval to the Board. As IT Bundo assumed both roles (CIO and CFO), AYO entered into the various agreements with corporate finance advisors which would assist in the process of the initial screening, detailed assessments and valuation of potential investments prior to presenting them to the AYO executives and Investment Committee for assessments as to whether or not the investments are in accordance with AYO's acquisition strategy.

Once the synergies, valuation and strategic fit are established, the potential investments are presented to the Investment Committee. If the acquisition is approved, it is recommended to the Board for final approval.

AYO is currently in the process of recruiting a permanent Chief Investment Officer.

4. Financial markets announcements

Several SENS announcements were published during the 2019 financial year. The majority relate to allegations against the Company regarding the 2018 interim financial results at the PIC Commission of Inquiry. The JSE requested AYO's external auditors, BDO, to perform agreed upon procedures on the 2018 interim financial results, as a result of management having identified certain misstatements resulting in a Reportable Irregularity being identified. Management believes that their improved governance processes have ensured that the Reportable Irregularity as reported in the 2018 interim financial results did not continue. Management is of the opinion that the issues noted are isolated to the 2018 interim financial period.

Particulars of the Reportable Irregularity relate to the evidence presented under oath by Mr Kevin Hardy to the Commission of Inquiry on 8 April 2019 into the affairs of the PIC, purportedly supported by an affidavit, in terms of which he claimed that the interim financial results for the six months ended 28 February 2018 for AYO had been misstated and the verbal interactions with representatives of AYO on 11 and 12 April 2019 have suggested that certain numbers were adjusted in the interim financial results for the six months ended 28 February 2018, although AYO believes that the adjustments were valid.

The JSE has requested that the 2018 and 2019 interim financial results be audited. The interim audits were performed simultaneously with the 2019 year end audit. Management would like to inform all stakeholders that the delay in releasing the audited interim results for 2019 is as a result of all three audits being done simultaneously, combined with the level of risk associated to AYO which increases the audit risk, resulting in increased audit work.

As the Company was required to complete three audits, being the 2018 and 2019 interim financial results audits and the audit for the 2019 financial year, pressure on the Company's resources existed in respect of the preparation of the financial results and completion of the audits.

5. Litigation

On 31 May 2019, AYO received summons issued by the PIC and the Government Employees Pension Fund ("GEPF"). The summons seeks a declaration that the subscription agreement entered into by the PIC with AYO be declared unlawful and set aside and that AYO be ordered to pay the PIC R4 290 654 165, together with interest of 10.25% per annum accrued from 22 December 2017 to the date of final payment. AYO has instructed its attorneys to oppose the action.

There is a pending defamation claim by Magda Wierzycka against AYO and seven others in the Western Cape High Court. The claim is for the amount of R3 million. AYO is contesting the claim. No provision has been made in respect of this matter as it has not yet been heard before the courts.

In the event that the PIC and GEPF are successful in their court application, management believes that they will be able to reconfigure the Company, into a pure investment holding Company. AYO has several subsidiaries that have been in existence for more than 20 years, delivering both satisfactory trading performance and dividend income for AYO.

6. Related party transactions

AYO entered into various transactions with related parties during the period under review. The nature and amounts of these related party transactions has been disclosed in note 33 of this report.

The Audit and Risk Committee has resolved to develop and recommend to the Board, for approval, a more comprehensive policy for the approval of related party transactions. This policy is expected to be reviewed and adopted by the Board during the first quarter of 2020.

7. Restatement of Group interim results

Following the completion of the audit for the financial year ended 31 August 2019 and a review by management, management has identified certain corrections to the unaudited interim results for the six months ended 28 February ("2019 interim results") which arose as a result of facts and circumstances that became known during the audit but existed before 28 February 2019, incorrect application of judgements and accounting errors. Refer to Supplementary Information.

8. Going concern

Management is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon AYO's ability to continue as a going concern. The Directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future. Accordingly, the interim financial results have been prepared on a going concern basis. The Directors have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient cash reserves to meet it foreseeable cash requirements. The Directors do not intend to liquidate the Company or cease trading and upon performing an assessment, have taken into account all available information about the future which is at least, but is not limited to 12 months from the date of this report.

Contingent liabilities have been disclosed under the contingent liabilities note, refer to note 34.

The Directors are also not aware of any material non-compliance with statutory or regulatory requirements that may affect the Group.

9. Events after reporting period

Please refer to note 34 for events after reporting period.

10. Auditor's report

These condensed consolidated interim financial statements for the six months ended 28 February 2019 have been audited by BDO, who expressed an unqualified opinion thereon.

A copy of the auditor's report for the condensed consolidated interim financial statements is available for inspection at the Company's registered office.

11. Future prospects

The Group continues to focus on additional acquisitions and increasing the diversification of its service and product offerings. The Group expects an increased contribution to the performance of the Group for the 2020 interim financial period resulting from the inclusion of the results of Sizwe, SGT Solutions and Global Command and Control Technology Proprietary Limited ("GCCT").

AYO has been operating in an extremely difficult market environment, exacerbated by the current narrative arising from the PIC Commission of Inquiry as well as the litigation instituted by the PIC against the Company. These trying conditions are significantly impeding on our acquisition growth plans and operational performance.

AYO has the potential to become a leading transformative force in the ICT sector. To reach its objectives for all stakeholders, AYO believes that it can work closely with all of its major stakeholders to find a way to end the negative and unwarranted media attention that it is currently exposed to. AYO remains of the opinion that it has done nothing wrong and continues to attempt to deliver on its prospects as outlined in its Pre-Listing Statement and beyond.

12. Appreciation

We wish to thank our employees, Group executives, management, our Board as well as our strategic partners, business partners and stakeholders for their loyalty and dedication in contributing to the success of the Group.

Dr Wallace Mgoqi
Independent non-executive chairman

Howard Plaatjes
Chief executive officer

08 April 2020

Condensed statement of profit and loss and other comprehensive income

	Notes	Audited six months ended 28 February 2019 R'000	Audited six months ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000
Revenue	2	**689 968**	348 672	638 893
Cost of sales		**(509 852)**	(229 401)	(440 935)
Gross profit		**180 116**	**119 271**	**197 958**
Other income	3	**2 683**	3 452	3 293
Other operating gains (losses)	4	**15 786**	-	(7 321)
Other operating expenses		**(189 490)**	(83 281)	(199 536)
Equity-settled share-based payment expense		**-**	(11 809)	(11 809)
Goodwill impairment		**-**	(4 957)	(4 957)
Listing costs expensed		**-**	(6 831)	(6 831)
Finance income	5	**158 059**	63 367	226 954
Finance costs		**(1 394)**	(1 324)	(1 754)
Profit before taxation		**165 760**	**77 888**	**195 997**
Taxation	6	**(54 208)**	(27 065)	(48 040)
Profit after taxation		**111 552**	**50 823**	**147 957**

Other comprehensive income:

Items that will be subsequently reclassified to profit or loss:				
Exchange differences on translating foreign operations		**(24)**	(5)	(28)
Total comprehensive income for the year		**111 528**	**50 818**	**147 929**

Profit after taxation attributable to:

Owners of AYO		**98 452**	40 866	144 286
Non-controlling interest		**13 100**	9 957	3 671
Total profit after taxation		**111 552**	**50 823**	**147 957**

Total comprehensive income attributable to:

Owners of AYO		**98 428**	40 861	144 258
Non-controlling interest		**13 100**	9 957	3 671
Total comprehensive income		**111 528**	**50 818**	**147 929**

Earnings per share (cents)

Basic	27	**28.61**	15.29	47.20
Diluted	27	**28.61**	-	47.20

Consolidated statement of financial position

	Notes	Audited as at 28 February 2019 R'000	Audited as at 28 February 2018 R'000	Audited as at 31 August 2018 R'000
ASSETS				
Non-current assets		**506 820**	**67 366**	**72 782**
Property, plant and equipment	7	**98 301**	6 729	7 169
Goodwill	8	**131 152**	38 454	35 248
Intangible assets	9	**66 116**	13 276	17 743
Investments in joint venture		**33**	33	33
Loans to related party companies	10	**19 544**	4 780	1 989
Loans receivable	11	**154 999**	-	-
Investments	12	**2 420**	-	-
Other financial assets	13	**9 271**	747	6 890
Finance lease receivables	14	**2 039**	-	-
Operating lease asset		**110**	12	-
Deferred tax	15	**22 835**	3 335	3 710
Current assets		**4 726 724**	**4 502 054**	**4 598 350**
Inventories	16	**137 285**	11 742	12 378
Loans to related party companies	10	**380**	-	-
Loans receivable	11	**17 385**	-	-
Trade and other receivables	17	**506 858**	174 855	183 222
Other financial assets	13	**444 332**	72 497	93 390
Finance lease receivables	14	**1 279**	-	-
Current tax receivable		**2 173**	680	662
Cash and cash equivalents	18	**3 617 032**	4 242 280	4 308 698
Assets classified as held for sale	29	**1 046**	-	-
Total assets		**5 234 590**	**4 569 420**	**4 671 132**

	Notes	Audited as at 28 February 2019 R'000	Audited as at 28 February 2018 R'000	Audited as at 31 August 2018 R'000
EQUITY AND LIABILITIES				
Equity				
Stated capital		**4 444 410**	4 444 410	4 444 410
Reserves		**(3 010)**	11 809	11 777
Retained income		**(12 288)**	(103 182)	(7 501)
Equity attributable to shareholders of AYO		**4 429 112**	4 353 037	4 448 686
Non-controlling interests	30	**127 763**	24 373	20 294
Total equity		**4 556 875**	**4 377 410**	**4 468 980**

Consolidated statement of financial position (continued)

	Notes	Audited as at 28 February 2019 R'000	Audited as at 28 February 2018 R'000	Audited as at 31 August 2018 R'000
Liabilities				
Non-current liabilities		**86 652**	**1 990**	**575**
Other financial liabilities	20	**-**	38	-
Derivatives	21	**14 795**	-	-
Finance lease liabilities	22	**10 487**	1 952	575
Employee benefit obligation		**3 814**	-	-
Deferred income	23	**19 830**	-	-
Contingent considerations liability	24	**37 726**	-	-
Current liabilities		**589 903**	**190 020**	**201 577**
Trade and other payables	25	**473 716**	116 247	132 925
Loans from related party companies	19	**1 028**	34 817	5 001
Other financial liabilities	20	**-**	3 808	1 133
Finance lease liabilities	22	**13 406**	-	389
Operating lease liability		**56**	356	47
Deferred income	23	**13 130**	1 213	-
Current tax payable		**36 925**	17 223	41 636
Provisions	26	**29 261**	13 167	15 390
Dividend payable		**13 551**	-	-
Contingent considerations liability	24	**5 500**	-	-
Bank overdraft	18	**3 330**	3 189	5 056
Liabilities directly associated with assets classified as held for sale	29	**1 160**	-	-
Total liabilities		**677 715**	**192 010**	**202 152**
Total equity and liabilities		**5 234 590**	**4 569 420**	**4 671 132**

Condensed consolidated statement of changes in equity

	Audited six months ended 28 February 2019 R'000	Audited six months ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000
Balance at the beginning of the period	**4 468 980**	67 091	67 091
Total comprehensive income attributable to shareholders of AYO	**98 428**	40 866	144 286
Total comprehensive income attributable to non-controlling interests	**13 100**	9 957	3 671
Issue of shares	**-**	4 260 280	4 260 280
Equity-settled share-based payment	**-**	11 809	11 809
Dividends paid	**(103 237)**	-	-
Dividends paid to non-controlling interests	**-**	(12 593)	(17 646)
Movement in non-controlling interest-disposal of subsidiary	**-**	-	(483)
Foreign currency translation reserve	**(24)**	-	(28)
Non-controlling Interest ("NCI") put option reserve	**(14 795)**	-	-
Non-controlling interests arising out of acquisition	**94 423**	-	-
Balance at the end of the period	**4 556 875**	**4 377 410**	**4 468 980**
Comprising of:			
Stated capital	**4 444 410**	4 444 410	4 444 410
Reserves	**(3 010)**	11 809	11 777
Retained income	**(12 288)**	(103 182)	(7 501)
Non-controlling interests	**127 763**	24 373	20 294
Total equity	**4 556 875**	**4 377 410**	**4 468 980**

Condensed consolidated statement of cash flows

	Notes	Audited six months ended 28 February 2019 R'000	Audited six months ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000
Cash utilised in operations		**(40 746)**	**(5 655)**	**(58 930)**
Finance income		**153 001**	37 171	215 243
Finance costs		**(1 394)**	(1 324)	(2 220)
Tax paid		**(66 979)**	(14 319)	(16 735)
Net cash from operating activities		**43 882**	**15 873**	**137 358**
Cash flows from investing activities				
Net additions to property, plant and equipment		**(5 648)**	(1 132)	(4 578)
Net additions to intangible assets		**(10 241)**	(1 148)	(6 053)
Business combinations	28	**(89 236)**	-	-
Proceeds from disposal of subsidiary		**-**	-	(314)
Loans advanced to related party companies		**(379)**	-	-
Loans received from related party companies		**-**	-	3 029
Other loans advanced		**(185 714)**	-	-
Amounts advanced to acquire other financial assets		**(800 379)**	(70 112)	(479 560)
Amounts repaid from other financial assets		**475 496**	18 752	415 728
Proceeds from assets held for sale		**-**	-	827
Funds held in Trust		**(25 000)**	-	-
Net cash to investing activities		**(641 102)**	**(53 640)**	**(70 921)**
Cash flows from financing activities				
Net proceeds on share issue		**-**	4 260 280	4 260 280
Net proceeds or repayment of other financial liabilities and finance leases		**1 807**	1 430	(6 075)
Net repayment of loans from related party companies		**858**		(77 424)
Dividends paid		**(89 686)**	(12 596)	(17 646)
Net repayments or proceeds from loans from shareholder		**(5 698)**	(43 376)	6 950
Net cash (to) from financing activities		**(92 719)**	**4 205 738**	**4 166 085**
Total cash movement for the period		**(689 939)**	**4 167 971**	**4 232 522**
Cash at the beginning of the year		**4 303 642**	71 120	71 120
Total cash at the end of the period		**3 613 703**	**4 239 091**	**4 303 642**

Notes to the condensed audited consolidated interim financial statements

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The audited condensed consolidated interim financial statements for the six months ended 28 February 2019 have been prepared in accordance with the JSE Limited Listings Requirements ("Listings Requirements") for condensed financial statements and the requirements of the Companies Act 71 of 2008 as amended, ("Companies Act"). The Listings Requirements require financial reports to be prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and also that they, as a minimum, contain the information required by IAS 34 'Interim Financial Reporting'. The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous audited consolidated annual financial statements, except for the new and revised IFRS standards as detailed below.

These audited condensed interim financial statements for the six months ended 28 February 2019 have been prepared under the supervision of the Group Chief Financial Officer, Isaiah Tatenda Bundo CA (SA).

New standards that became effective during the interim period

IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers became effective for the Group during the current financial period.

In accordance with transition provisions in IFRS 9 the Group has considered all the special transition provisions of the new standard and elected to adopt the new rules without restating comparative information.

In accordance with transition provisions in IFRS 15 the Group has applied the new standard using the unmodified approach, the Group has not restated comparative information as the differences are not material.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

The Group has applied IFRS 15 using cumulative effect method without restatement.

Apart from providing additional and more detailed disclosure around revenue recognition, IFRS 15 did not have a significant impact on the Group's existing revenue recognition practices and consolidated annual financial statements. Under IAS 18 the revenue recognition from sale of goods and rendering of services in relation to Group revenue streams, was substantially the same as revenue recognised from contract with customers in accordance with IFRS 15.

The adoption of IFRS 15 did not have any other significant impact on the timing or amount of revenue recognised by the Group.

Notes to the condensed audited consolidated interim financial statement (continued)

IFRS 9 – Financial Instruments ("IFRS 9")

The Group has applied IFRS 9 from 1 September 2018 and there has been no impact on opening retained income of the Group as at 1 September 2018.

Classification, initial recognition and measurement

IFRS 9 introduces a single classification and measurement model for financial assets which is dependent on the Group's business model for managing financial assets and on the contractual cash flow characteristics of those financial assets.

The contractual terms of the Group's financial assets give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

From 1 September 2018, loans receivable, trade receivables and cash and cash equivalents are held to collect contractual cash flows and are categorised as subsequently measured at amortised cost.

Investments are held to collect contractual cash flows and to sell the financial asset and are catergorised as measured at fair value through profit or loss (FVTPL).

The Group has classified financial liabilities as subsequently measured at amortised cost except for the contingent consideration arrangements which are measured at FVTPL.

The classification of financial assets in accordance to IFRS 9 measurement categories from 1 September 2018 is shown below:

	Measurement category		Carrying amount	
	IAS 39	IFRS 9	31 August 2018 IAS 39 R'000	1 September 2018 IFRS 9 R'000
Financial assets				
Loans to Group companies	Loans and receivables	Amortised cost	1 989	1 989
Trade and other receivables	Loans and receivables	Amortised cost	172 962	172 962
Other financial assets	Loans and receivables	Amortised cost	4 464	4 464
Other financial assets	Held for trading	FVTPL	95 717	95 717
Cash and cash equivalents	Loans and receivables	Amortised cost	4 308 698	4 308 698
			4 583 830	**4 583 830**
Financial liabilities				
Loans from Group companies	Amortised cost	Amortised cost	5 001	5 001
Other financial liabilities	Amortised cost	Amortised cost	1 133	1 133
Trade and other payables	Amortised cost	Amortised cost	126 574	126 574
Bank overdraft	Amortised cost	Amortised cost	5 056	5 056
			137 764	**137 764**

The reclassification into the new measurement categories of IFRS 9 did not have an impact on the Group.

The table below reconciles the loss allowance as reported on 31 August 2018 in accordance with IAS 39 to the ECL as determined under IFRS9 of financial instruments that have been impacted by the adoption of IFRS 9.

Financial assets	
Closing balance at 31 August 2018	7 422
IFRS 9 Opening balance	7 422

Impairment of financial instruments

The Group recognises an allowance for expected credit losses for trade receivables and loans receivables. Expected credit loss is the difference between the contractual cash flows due to the Group and all the cash flows the group expects to recover from the assets.

For trade receivables the Group applies a simplified approach in calculating the expected credit losses. This is aided by a provision matrix that is based on historical credit loss experiences for each past due ageing category, adjusted for forward-looking information.

The adoption of IFRS 9 impairment assessment approach had no impact on the carrying amounts reported at 31 August 2018.

The general approach is used for loans receivables and other financial assets measured at amortised cost. The Group measures impairment allowances for trade receivables, accrued income balances and loans receivables at an amount equal to the expected credit losses resulting from possible default events over the expected life of the financial asset.

REPORTING ENTITY

The audited condensed consolidated interim financial statements for the six months ended 28 February 2019 comprises of the Company, its subsidiaries, and joint ventures.

USE OF JUDGEMENTS AND ESTIMATES

In preparing the audited condensed consolidated interim financial statements in conformity with IFRS, management is required to make estimates and assumptions that affect the amounts represented in the audited condensed consolidated interim financial statements and related disclosures. Estimates and assumptions are based on historical experience and expectation of future events and are reviewed on an ongoing basis. Actual results in the future could differ from these estimates which may be material to the condensed consolidated interim financial statements.

Significant judgements made by management that could have a significant effect on the carrying amounts recognised in the condensed interim financial statements include:

Business combinations

In the calculation of Goodwill arising from a business combination the Group allocates the excess fair value of the consideration transferred, over the net of the fair value of the identifiable assets and liabilities of the acquired entity.

Management made judgements in determining the fair value allocation of the consideration transferred as well as estimates of the useful lives of the intangible assets recognised in the business combination.

Subsidiaries consolidated when less than 50% interest is held

The Group consolidates subsidiaries with an effective interest of less than 50% when the Group has control and power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its power over the investee to affect the amount of the investor's returns. The rights to appoint a majority of directors and key management personnel at the investee, give the company the power to direct the relevant activities of the investee. Although AYO only has a 40% equity interest in Mainstreet and 43% equity interest in Software Tech Holdings Proprietary Limited ("Software Tech"), it has been determined that AYO controls Mainstreet and Software Tech in terms of IFRS 10 Consolidated Financial Statements. As per the shareholders agreement AYO has the rights to variable returns from involvement with Investees and it has the ability to use its power over the investee to affect the amount of the returns in Mainstreet and Software Tech. Management applied judgement in assessing the impact of additional rights granted to the parent company in the shareholder's agreement in respect of it's investment in Mainstreet and Software Tech. Although AYO only has a 42.59% equity interest in Software Tech Holdings Proprietary Limited ("Software Tech"), it has been determined that AYO controls Software Tech in terms of IFRS 10 Consolidated Financial Statements. As per the shareholders agreement AYO has the rights to variable returns from involvement with Software Tech and it has the ability to use its power over the investee to affect the amount of the returns in Software Tech.

Entities in which the Group holds more than 20% of the voting rights, but does not have significant influence

The directors have concluded that the Group has no significant influence over Bambelela even though it has 32% of the voting rights. This is because the Group has no representation on the board of directors and AYO does not participate in any financial or operating policy decision in Bambelela. The voting rights only provide AYO with limited decision-making powers. Consequently, the investment has been accounted for in accordance with IFRS 9 at FVTPL.

Put option over non-controlling interest

The Group estimates the fair value of the written put option over non-controlling interest. The estimation is based on a discounted cash flow calculation which are projected financial forecasts of the relevant entities. Management made judgements with regards to inputs into the model in determining the fair value of the written put options.

Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values, the fair valuation calculations are performed by the Group's finance department and operational team on an annual basis. The Group's finance department reports to the chief financial officer.

The valuation reports are approved by the investment committee in accordance with the Group's reporting policies.

Notes to the condensed audited consolidated interim financial statement (continued)

2. REVENUE

	Audited six months ended 28 February 2019 R'000	Audited six month ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000
Sale of goods	**334 206**	51 239	97 244
Rendering of services	**355 762**	297 433	541 649
Total	**689 968**	**348 672**	**638 893**

Disaggregation of revenue from contracts with customers	Audited six months ended 28 February 2019 R'000	Audited six month ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000
Sale of goods	**334 206**	51 239	97 244
Rendering of services			
Fees earned	**1 451**	46 390	18 761
Services revenue	**354 311**	251 043	522 888
Total	**689 968**	**348 672**	**638 893**

Audited six months ended 28 February 2019

Revenue disaggregated by primary geographical markets is as follows:	South Africa R'000	Rest of Africa R'000	Europe R'000	Total R'000
Software and consulting	31 772	-	718	32 490
Security solutions	139 627	-	1 602	141 229
Unified communications	35 886	2 103	-	37 989
Health care	53 134	-	-	53 134
Managed services	425 126	-	-	425 126
Total	**685 545**	**2 103**	**2 320**	**689 968**

Audited six months ended 28 February 2019

Revenue disaggregated by pattern of revenue recognition is as follows:	Revenue recognised over time R'000	Revenue recognised at a point in time R'000	Total R'000
Software and consulting related	**82 613**	37 219	119 832
Security services solutions related	**29 453**	77 570	107 023
Communication Products and hardware related	**-**	37 989	37 989
Project related services	**222 015**	203 109	425 124
Total	**334 081**	**355 887**	**689 968**

Notes to the condensed audited consolidated interim financial statement (continued)

3. OTHER OPERATING INCOME

	Audited six months ended 28 February 2019 R'000	Audited six month ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000
Administration and management fees received	**515**	-	-
Fair value gain on Cadiz Investment Enterprise Development Fund	**-**	-	2
Profit on sale of investment in associate	**93**	-	1 490
Profit on sale of property, plant and equipment	**-**	1 195	11
Dividends	**1 534**	-	-
Recoveries	**-**	2 257	1
Sundry income	**541**	-	1 789
Total	**2 683**	**3 452**	**3 293**

4. OTHER OPERATING GAINS (LOSSES)

	Audited six months ended 28 February 2019 R'000	Audited six months ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000
Profit (loss) on disposal of business	**-**	-	(4 662)
Net foreign exchange gains (losses)	**319**	-	(2 659)
Fair value losses on contingent considerations	**(204)**	-	-
Fair value gains on financial assets designated as at fair value through profit or loss	**15 666**	-	-
Profit on sale of property, plant and equipment	**5**	-	-
Total	**15 786**	**-**	**(7 321)**

5. FINANCE INCOME

	Audited six months ended 28 February 2019 R'000	Audited six months ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000
Bank and cash	**153 001**	63 140	226 488
Interest - Group companies	**93**	227	466
Loans receivable	**389**	-	-
Cumulative preference shares - Bambelela	**4 576**	-	-
Total	**158 059**	**63 367**	**226 954**

Notes to the condensed audited consolidated interim financial statement (continued)

6. TAXATION

	Audited six months ended 28 February 2019 R'000	Audited six months ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000
Major components of the tax expense			
South African normal taxation	**60 750**	20 343	42 017
Foreign income tax	**-**	23	23
Total current tax expense	**60 750**	**20 366**	**42 040**
Deferred tax expense			
Deferred tax arising on originating and reversing temporary differences	**(6 542)**	6 699	(3 230)
Benefit of unrecognised tax loss or tax credit or temporary difference used to reduce deferred tax expense	**-**	-	9 230
Total deferred tax expense	**(6 542)**	**6 699**	**6 000**
Total tax expense	**54 208**	**27 065**	**48 040**

7. PROPERTY, PLANT AND EQUIPMENT

	Audited as at 28 February 2019 R'000	Audited as at 28 February 2018 R'000	Audited as at 31 August 2018 R'000
Property, Plant and Equipment			
Opening balance	**7 169**	7 118	7 118
Additions	**5 648**	1 130	4 635
Additions through business combinations	**91 194**	-	-
Disposals	**(1 749)**	(2)	(1 500)
Depreciation	**(3 961)**	(1 517)	(3 084)
Closing balance	**98 301**	**6 729**	**7 169**

8. GOODWILL

	Audited as at 28 February 2019 R'000	Audited as at 28 February 2018 R'000	Audited as at 31 August 2018 R'000
Reconciliation of goodwill			
Carrying amount at beginning of period	**35 248**	43 411	43 411
Disposal of subsidiary	**-**	-	(3 206)
Acquisition of subsidiaries	**95 904**	-	-
Impairment	**-**	(4 957)	(4 957)
Carrying amount at the end of period	**131 152**	38 454	35 248

Notes to the condensed audited consolidated interim financial statement (continued)

8. GOODWILL (continued)

Goodwill acquired through business combinations has been allocated to individual cash-generating units for impairment testing as follows:

	Audited as at 28 February 2019 R'000	Audited as at 28 February 2018 R'000	Audited as at 31 August 2018 R'000
Investment in Health System Technologies Proprietary Limited	**2 157**	2 157	2 157
Investment in Software Tech Holdings Subsidiaries	**2 352**	5 558	2 352
Investment in Puleng Technologies Proprietary Limited	**22 274**	22 274	22 274
Investment in Kalula Communications Proprietary Limited	**8 465**	8 465	8 465
Investment in Zaloserve Proprietary Limited	**69 131**	-	-
Investment in Mainstreet Proprietary Limited	**26 773**	-	-
Total	**131 152**	**38 454**	**35 248**

9. INTANGIBLE ASSETS

	Audited as at 28 February 2019 R'000	Audited as at 28 February 2018 R'000	Audited as at 31 August 2018 R'000
Opening balance	**17 743**	12 506	12 506
Additions	**10 240**	770	6 053
Additions through business combinations:			
- Brands	**12 830**	-	-
- Customer lists	**26 097**	-	-
Amortisation	**(794)**	-	(816)
Closing balance	**66 116**	**13 276**	**17 743**

Additions through business combinations include:

Brands

The brands are related to the underlying Company in the Group due to the distinct service it offers.

Customer Lists

Customer lists relate to customer relationships of the Group companies with its customers.

Notes to the condensed audited consolidated interim financial statement (continued)

10. LOANS TO RELATED PARTY COMPANIES

	Audited as at 28 February 2019 R'000	Audited as at 28 February 2018 R'000	Auditedas at 31 August 2018 R'000
Digital Health Africa Proprietary Limited	**168**	168	168
The loan is unsecured, bears no interest and will not be recalled within 12 months.			
African Equity Empowerment Investments Limited	**5 099**	4 611	1 820
The loan is unsecured and interest is charged at the prime overdraft rate. There are no fixed terms of repayment, however, the company has been granted an unconditional right to defer payment for over 12 months.			
Sekunjalo Technology Group Proprietary Limited	**24**	-	-
The loan is unsecured and bears no interest and is repayable on demand.			
African Equity Empowerment Investments Limited	**14 277**	-	-
The loan bears interest at prime rate plus 2% and is repayable on 28 February 2024. This amount was owed in respect of the purchase of a business by Global Command and Control Technologies Proprietary Limited from SAAB Grintek Defence Proprietary Limited. The amount owed was ceded by African Empowerment to Global Command and Control Technologies Proprietary Limited upon the finalization of the purchase of a business from SAAB Grintek Defence Proprietary Limited. Upon the finalization of the purchase of the business from SAAB Grintek Defence Proprietary Limited on 1 March 2019, Global Command and Control Technologies Proprietary Limited owed this loan balance to the Group. The Group obtained control over GCCT from 1 March 2019 and as from that date this loan is eliminated on consolidation.			
Sekunjalo Health and Commodities Proprietary Limited	**1**	1	1
The loan is unsecured, bears no interest and is repayable on demand.			
Leboa IT Proprietary Limited	**355**	-	-
The loan is unsecured, bears no interest and is repayable on demand.			
Total	**19 924**	**4 780**	**1 989**
Split between non-current and current portions:			
Non-current assets	**19 544**	4 780	1 989
Current assets	**380**	-	-
Total	**19 924**	**4 780**	**1 989**

Notes to the condensed audited consolidated interim financial statement (continued)

11. LOANS RECEIVABLE

	Audited as at 28 February 2019 R'000	Audited as at 28 February 2018 R'000	Audited as at 31 August 2018 R'000
Volt Business Solutions Proprietary Limited	**10 847**	-	-
The loan bears interest at prime rate plus 2%. 50% of the balance is repayable on 1 January 2020, with the remaining balance payable on 1 January 2024.			
Cortex Logic Proprietary Limited	**8 460**	-	-
The loan is unsecured, has no fixed repayment terms and bears interest at a rate of prime plus 2%.			
Chaaday Media Holdings Proprietary Limited	**3 501**	-	-
The loan is unsecured, has no fixed repayment terms and bears interest at a rate of prime plus 2%.			
Cumulative preference shares	**149 576**	-	-
On 28 September 2018, AYO subscribed for 500 000 cumulative, redeemable, non-participating convertible class C preference shares of no par value in Bambelela for consideration of R145 million.			
Total	**172 384**	**-**	**-**
Split between non-current and current portions:			
Non-current assets	**154 999**	-	-
Current assets	**17 385**	-	-
Total	**172 384**	**-**	**-**

The loan with Headset Solutions Africa Proprietary Limited of R4 million was fully written off due to doubt of recoverability of the loan as a result of the entities poor financial performance in the current year.

Notes to the condensed audited consolidated interim financial statement (continued)

11. LOANS RECEIVABLE (continued)

Expected credit loss for loans receivable, loans to related party companies and the other financial assets

The loans are advanced to the related party companies for capital investment or working capital needs. The risk of default is based on the success of the related party companies trading. No loans are past due. There has been a significant increase in credit risk since initial recognition. In determining the amount of expected credit losses, the Group has taken into account any historic default experience, the financial positions of the counterparties as well as the future prospects in the industries in which the counterparties operate. There has not been any default in the past. As at the reporting date, credit risk has not increased significantly since initial recognition (stage 1) and therefore a 12 month ECL has been determined. Management determine the credit rating grades of each loan at the end of the reporting period.

The general approach is used for loans receivables and other financial assets measured at amortised cost.

The Group considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial assets is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the condensed audited consolidated interim financial statement (continued)

12. INVESTMENTS

	Audited as at 28 February 2019 R'000	Audited as at 28 February 2018 R'000	Audited as at 31 August 2018 R'000
Investments comprises of:			
Bambelela Capital Proprietary Limited	2 420	-	-
Total	**2 420**	**-**	**-**
Reconciliation of investments			
Opening balance	-	-	-
Fair value gains	2 420	-	-
Closing balance	**2 420**	-	-

Bambelela Capital Proprietary Limited ("Bambelela")

On 28 September 2018, AYO concluded the aquisition of a 32% shareholding in Bambelela (previously Vunani Group Proprietary Limited) for R1. Bambelela holds a 49% shareholding in Vunani Limited a diversified financial services Group.

Notes to the condensed audited consolidated interim financial statement (continued)

13. OTHER FINANCIAL ASSETS

	Audited as at 28 February 2019 R'000	Auditedas at 28 February 2018 R'000	Audited as at 31 August 2018 R'000
Other financial assets are comprised of:			
At fair value through profit or loss - designated			
Cadiz Life Investment Enterprise Development Fund	**7 152**	747	6 890
3 Laws Capital Proprietary Limited	**20 561**	71 048	88 827
Oasis Balance and Bond Fund	**418 169**	-	-
Nesa Capital Fund ("Nesa")	**188**	-	-
Total	**446 070**	**71 795**	**95 717**
At fair value through profit or loss			
Foreign exchange contracts	**153**	-	99
Loans and receivables at amortised cost			
Supplier development loan	**350**	-	3 635
Staff loans	**671**	1 419	799
Ikeganya Support Services Proprietary Limited ("Ikeganya")	**1 983**	-	-
Uhula ICT Proprietary Limited ("Uhula")	**1 700**	-	-
Sizwe Connect Proprietary Limited ("Sizwe connect")	**1 932**	-	-
Ragna CC	**30**	30	30
Headsets Africa Investments deposit	**714**	-	-
Total	**7 533**	**1 449**	**4 563**
Total other financial assets	**453 603**	**73 244**	**100 280**
Split between non-current and current portions:			
Non-Current assets	**9 271**	747	6 890
Current assets	**444 332**	72 497	93 390
Total	**453 603**	**73 244**	**100 280**

At fair value through profit or loss - designated

3 Laws Capital Proprietary Limited

In line with AYO's strategy to diversify its investments it placed an additional amount of R400 million with 3 Laws Capital Proprietary Limited on 18 November 2018. AYO withdrew R470 million placed with 3 Laws on 22 February 2019. The portfolio yielded a net return of R7 million from 1 September 2018 to 22 February 2019. On 15 March 2019, AYO withdrew the remaining R20.6 million it placed with 3 Laws Capital Proprietary Limited.

Oasis Balanced and Bond Fund

In line with AYO's strategy to diversify its investments, it invested R100 million in the Oasis Bond Fund and R300 million in the Oasis Balanced Fund on 21 December 2018. AYO withdrew the funds placed with Oasis balanced and bond fund of R418 million on 22 May 2019 and received these funds on 25 May 2019.

Loans and receivables at amortised cost

The loans to Ikeganya, Uhula, Sizwe Connect and Nesa arose as a result of the business combination with Zaloserve. The loans are unsecured and interest free.

Notes to the condensed audited consolidated interim financial statement (continued)

14. FINANCE LEASE RECEIVABLES

	Audited as at 28 February 2019 R'000	Audited as at 28 February 2018 R'000	Audited as at 31 August 2018 R'000
Gross Investment in leases			
- within one year	**3 045**	-	-
- in second to fifth inclusive	**661**	-	-
	3 706	-	-
less unearned finance income	**(388)**	-	-
Present value of minimum lease payments	**3 318**	**-**	**-**
Present value of minimum lease payments			
- within one year	**1 279**	-	-
- in second to fifth inclusive	**2 039**	-	-
Total finance lease receivable	**3 318**	**-**	**-**

The finance lease arrangements relate to the Group's managed services segment. The finance lease arrangements are for all IT equipment, including laptops, printers, tablets and CCTV equipment. The average term of the finance leases is three to five years.

There were no contingent rents recognised as income during the year.

The average effective lending rate was 22%.

15. DEFERRED TAX

	Audited as at 28 February 2019 R'000	Audited as at 28 February 2018 R'000	Audited as at 31 August 2018 R'000
Deferred tax asset/(liability)			
Allowance for credit losses	**3 944**	1 265	1 428
Provisions	**20 124**	1 915	4 700
Tax losses available for set off against future taxable income	**14 108**	141	527
Property, plant and equipment	**(3 175)**	-	(90)
Intangible assets	**(10 445)**	(274)	(2 757)
Prepaid expenses	**(8 974)**	(729)	(206)
Income received in advance	**7 825**	256	116
Operating lease liability	**46**	79	2
Finance lease liability	**64**	690	-
Fair value adjustments on investments	**(682)**	(8)	(10)
Total deferred tax asset	**22 835**	**3 335**	**3 710**
Deferred tax liability	**(23 276)**	(1 011)	(3 063)
Deferred tax asset	**46 111**	4 346	6 773
Total net deferred tax asset	**22 835**	**3 335**	**3 710**

Notes to the condensed audited consolidated interim financial statement (continued)

16. INVENTORIES

	Audited as at 28 February 2019 R'000	Audited as at 28 February 2018 R'000	Audited as at 31 August 2018 R'000
Finished goods	**40 592**	11 742	5 682
Work in progress	**96 693**	-	6 696
Total Inventories	**137 285**	**11 742**	**12 378**

Zaloserve contributes 41% and 63% of finished goods and working in progress respectively. Mainstreet contributes 37% of working in progress.

17. TRADE AND OTHER RECEIVABLES

	Audited as at 28 February 2019 R'000	Audited as at 28 February 2018 R'000	Audited as at 31 August 2018 R'000
Financial instruments:			
Trade receivables	**431 439**	129 545	143 184
Loss allowance	**(12 958)**	(5 691)	(7 422)
Trade receivables at amortised cost	**418 481**	**123 854**	**135 762**
Deposits	**3 199**	759	1 360
Accrued income	**24 506**	31 345	35 840
Funds held in Trust	**25 000**	-	-
Non-financial instruments			
Value added income tax	**-**	14 288	4 827
Prepayments	**43 084**	2 851	1 436
Provision for impairment of prepayments	**(9 041)**	-	-
Sundry customers	**1 629**	1 758	3 997
Total	**506 858**	**174 855**	**183 222**

Provision for prepayments

Due to the uncertainty of the going concern and business operations of a related party who was prepaid to provide a service, management raised a provision against the prepayment.

Expected credit loss allowance

The carrying amount of trade receivables and other receivables approximates the fair value.

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables.

The Group measures the lifetime expected credit loss allowance for trade receivables by applying a provision matrix as permitted by IFRS9. Trade receivables are categorised based on specific characteristics, for example geographical area and business type. The provision matrices have been developed by making use of judgement and past default experience of debtors but also incorporates forward-looking information such as the likelihood of default by the debtor and industry growth rate as at the reporting date. Macroeconomic factors

17. TRADE AND OTHER RECEIVABLES (continued)

affecting customers' ability to settle the amounts outstanding include the ongoing energy crisis in South Africa, the GDP in South Africa, inflation rate and growth rate. The estimation techniques have been applied for the first time in the current financial period, as a result of the adoption of IFRS9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

18. CASH AND CASH EQUIVALENTS

	Audited as at 28 February 2019 R'000	Audited as at 28 February 2018 R'000	Audited as at 31 August 2018 R'000
Cash and cash equivalent consist of:			
Cash on hand	**97**	11	11
Bank balances	**3 616 935**	4 242 269	4 308 687
Bank overdraft	**(3 330)**	(3 189)	(5 056)
Total	**3 613 702**	**4 239 091**	**4 303 642**

AYO has provided an unlimited guarantee for African Equity Empowerment Investments ("AEEI's") overdraft facility of R10 million held with ABSA Bank Limited ("ABSA") and for AEEI's revolving credit facility held with Investec Bank Limited ("Investec"). At 28 February 2019 the amount owing by AEEI to ABSA on the overdraft facility was R9.9 million (2018: R9.4 million).At 28 February 2019 the amount owing by AEEI to Investec on the credit facility was R32.3 million (2018: R33.0 million).

Unrestricted cross surety and cession of the Zaloserve's trade receivable was provided as surety for the FNB overdraft facility by Sizwe. The value of the trade receivables is R243 million.

AYO has provided a bank guarantee of R60 million to Sizwe.

Notes to the condensed audited consolidated interim financial statement (continued)

19. LOANS FROM RELATED PARTY COMPANIES

	Audited as at 28 February 2019 R'000	Audited as at 28 February 2018 R'000	Audited as at 31 August 2018 R'000
African Equity Empowerment Investments Limited This shareholder loan was unsecured with no fixed terms of repayment. Interest was charged at prime plus 3%. There were no fixed terms of repayment, however, the Company had been granted an unconditional right to defer payment over 12 months.	**-**	514	-
African Equity Empowerment Investments Limited This loan was unsecured, bears no interest and has no fixed repayment terms, however, the company had been granted an unconditional right to defer payment over 12 months.	**-**	28 437	-
African Equity Empowerment Investments Limited This loan was unsecured with no fixed terms of repayment. Interest was charged at prime plus 5%. There were no repayment terms, however the company had been granted an unconditional right to defer payment.	**-**	797	-
Puleng Technologies This loan is interest free and repayable on demand.	**170**	-	-
African Equity Empowerment The loan was unsecured with no fixed repayment terms Interest was changed at prime plus 3%.	**-**	5 001	5 001
AYO International Holdings This loan is interest free and repayable on demand.	**712**	-	-
Headset Solutions Africa Proprietary Limited This loan is interest free and repayable on demand.	**146**	-	-
Sekunjalo Technology Group Proprietary Limited This loan is interest free and payable on demand.	**-**	1	-
G. Rushby This loan is unsecured, bears no interest and has no fixed repayment terms.	**-**	67	-
	1 028	**34 817**	**5 001**
Current Liabilities	**1 028**	34 817	5 001
	1 028	**34 817**	**5 001**

Notes to the condensed audited consolidated interim financial statement (continued)

20. OTHER FINANCIAL LIABILITIES

	Audited as at 28 February 2019 R'000	Audited as at 28 February 2018 R'000	Audited as at 31 August 2018 R'000
At fair value through profit or loss - designated			
Loans from a director of subsidiary	**-**	3 108	1 130
The loan is unsecured, interest free and repayable on demand			
SAEBEX Proprietary Limited	**-**	-	3
The loan is unsecured, bears no interest and has no fixed repayment terms			
Kimco Trust	**-**	700	-
This relates to a loan that was granted to Kalula Communications Proprietary Limited. This loan was interest free and had no fixed repayment terms.			
Amrichprop 27 Properties Proprietary Limited	**-**	38	-
This comprises of a loan granted to a previous subsidiary of AYO, World Wide Creative Proprietary Limited on 1 March 2015 by the landlord of R108 000 in order to effect improvements to the leased premises in Cape Town. The repayment terms were R2 000 per month for 54 months.			
Total	**-**	**3 846**	**1 133**
Split between non-current and current portions:			
Non- Current Liabilities	**-**	38	-
Current Liabilities	**-**	3 808	1 133
Total	**-**	**3 846**	**1 133**

21. DERIVATIVES

	Audited as at 28 February 2019 R'000	Audited as at 28 February 2018 R'000	Audited as at 31 August 2018 R'000
Opening balance	**-**	-	-
Additions	**14 795**	-	-
Closing balance	**14 795**	**-**	**-**

Written put options over non-controlling interests

The NCI put option reserve arose in respect of the accounting for the written put options entered into by the Company over the non-controlling interest shares of Mainstreet. At a Group level these derivatives are considered to be options over own equity.

As per the share sale agreements, AYO has written a put option which gives AEEI the right to sell AYO it's 60% shareholding in Mainstreet. The option is exercisable between three to four years from the date of purchase of Mainstreet.

In accordance with the requirements of IAS 32.23, at date of issuance of the options the Group recorded a liability for the present value of the redemption amount and the corresponding debit was recorded in an equity reserve because the risks and rewards in respect of the put option share remain with the NCI shareholders.

The option was recognised at the present value of the redemption amount and the corresponding debit was recorded in equity reserves.

Notes to the condensed audited consolidated interim financial statement (continued)

22. FINANCE LEASE LIABILITIES

	Audited as at 28 February 2019 R'000	Audited as at 28 February 2018 R'000	Audited as at 31 August 2018 R'000
Minimum lease payments due			
- within one year	**16 995**	356	394
- in second to fifth inclusive	**10 421**	1 964	731
	27 416	2 320	1 125
less future finance charges	**(3 523)**	(368)	(161)
Present value of minimum lease payments	**23 893**	**1 952**	**964**
Present value of minimum lease payments due			
- within one year	**13 406**	-	389
- in second to fifth inclusive	**10 487**	1 952	575
Total	**23 893**	**1 952**	**964**

The average lease term is two to five years. The average effective lending rate was 24%.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

23. DEFERRED INCOME

	Audited as at 28 February 2019 R'000	Audited as at 28 February 2018 R'000	Audited as at 31 August 2018 R'000

The Group generates deferred revenue on future warranties and maintenance contracts where upfront payment has been received. The deferred revenue is released to the income statement in line with the costs incurred over the period of the contract.

Reconciliation of deferred income			
Opening balance	**-**	-	-
Additions through business combinations	**26 439**	-	-
Additions	**6 521**	1 213	-
Closing balance	**32 960**	**1 213**	**-**
Split between non-current and current portions:			
Non-current liabilities	**19 830**	-	-
Current liabilities	**13 130**	1 213	-
Total	**32 960**	**1 213**	**-**

Notes to the condensed audited consolidated interim financial statement (continued)

24. CONTINGENT CONSIDERTION LIABILITY

	Audited as at 28 February 2019 R'000	Audited as at 28 February 2018 R'000	Audited as at 31 August 2018 R'000
Contingent consideration arrangements entered into			
Zaloserve Proprietary Limited	**13 343**	-	-
SGT Solutions Proprietary Limited	**29 883**	-	-
Closing balance	**43 226**	**-**	**-**
Split between non-current and current portions:			
Non-current liabilities	**37 726**	-	-
Current liabilities	**5 500**	-	-
Total	**43 226**	**-**	**-**

The contingent consideration arrangement for Zaloserve requires AYO to pay the former owners of Zaloserve for achieving certain earn-out targets for the 2019, 2020 and 2021 financial years, up to a maximum undiscounted amount of R5.5 million for each financial year.

The contingent consideration arrangement for SGT Solutions requires Mainstreet to pay the former owners of SGT Solutions for achieving certain earn-out targets for the 2020 and 2021 financial years, up to a maximum undiscounted amount of R20 million for each financial year. Refer to the business combinations note 28.

25. TRADE AND OTHER PAYABLES

	Audited as at 28 February 2019 R'000	Audited as at 28 February 2018 R'000	Audited as at 31 August 2018 R'000
Trade payables	**264 460**	99 265	111 982
Leave pay and other accruals	**181 364**	11 635	14 592
SARS - PAYE, UIF and SDL	**6 538**	-	1 954
Amounts received in advance	**1 267**	2 136	1 145
Value added taxation	**20 086**	3 211	3 252
Total	**473 716**	**116 247**	**132 925**

Notes to the condensed audited consolidated interim financial statement (continued)

26. PROVISIONS

	Audited as at 28 February 2019 R'000	Audited as at 28 February 2018 R'000	Audited as at 31 August 2018 R'000
Provisions are comprised of:			
Commission	**124**	291	303
Partner reward program	**687**	220	204
Leave pay	**-**	3 206	4 710
Bonuses	**17 652**	3 448	5 917
Onerous contract	**5 043**	1 542	-
Provision of warranty costs	**-**	4 460	4 256
Provision for product warranties and product risk	**5 755**	-	-
Total	**29 261**	**13 167**	**15 390**
Reconciliation of provisions			
Opening balance	**15 390**	12 473	12 473
Additions	**27 623**	6 490	8 998
Utilised during the period	**(3 141)**	(4 926)	(4 903)
Reversed during the period	**(10 611)**	(870)	(705)
Derecognised	**-**	-	(473)
Closing balance	**29 261**	**13 167**	**15 390**

Additions and provisions reversed during the period increased significantly during the period mainly as a result of the inclusion of SGT and Zaloserve (acquired in current period).

Additions include R5 million for product warranties and product risk as well as a R14 million provision for bonuses as well as a provision for onerous contract of R5 million.

Reversed during the period includes R4.5 million relating to warranty cost.

Notes to the condensed audited consolidated interim financial statement (continued)

27. EARNINGS PER SHARE

Earnings per share ("EPS") is derived by dividing the earnings attributable to equity holders of AYO by the weighted average number of ordinary shares.

	Audited six months ended 28 February 2019 R'000	Audited six months ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000
Basic and diluted earnings per share (cents)	**28.61**	15.29	47.20

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Earnings attributable to shareholders of AYO	**98 452**	40 866	144 285
Weighted average number of shares ('000)	**344 124**	267 275	305 700
Headline earnings per share			
Headline earning is determined as follows:			
Earnings attributable to shareholders of AYO	**98 452**	40 866	144 285
Adjusted for:			
Loss/(profit) on sale of property, plant and equipment	**(119)**	(10)	(9)
Profit on disposal of associate	**(52)**	(593)	(1 073)
(Profit)/loss on disposal of subsidiary	**-**	-	1 429
Goodwill impairment	**-**	-	3 084
Headline earnings	**94 281**	**40 263**	**147 715**
Weighted average number of shares ('000)	**344 124**	267 275	305 700
Headline earnings per share (cents)	**28.56**	**15.06**	**48.32**

There are no dilutive options and other dilutive potential ordinary shares, therefore, basic and diluted earnings per share are the same.

Notes to the condensed audited consolidated interim financial statement (continued)

28. BUSINESS COMBINATIONS

Acquisition of Zaloserve

AYO acquired a 55% equity interest in Zaloserve on 19 December 2018 for a consideration of R165 million after obtaining approval from the Competition Commission. The effective date in terms of the agreement was 1 November 2018. However in terms of IFRS 3 Business Combinations, the date of acquisition has been determined as 19 December 2018 as a result of the significant conditions precedents being met. Zaloserve is an investment holding company that holds a 100% shareholding in Opiwize Proprietary Limited, which in turn holds a 100% shareholding in Sizwe.

Sizwe offers various ICT services to its customers, including a focused spectrum of physical infrastructure, metro and long-distance optic fibre, facility management, continuous energy supply, networking and security to hosting, storage server processing, mobility, data centre, end-user computing and associated consumables.

Acquisition of Mainstreet 1653 Proprietary Limited

On 9 February 2019, the Group acquired a 40% shareholding in Mainstreet. On 28 February Mainstreet concluded the acquisition of a 100% equity interest in SGT Solutions for a consideration of R60 million. Although AYO only has a 40% equity interest in Mainstreet it has been determined that AYO controls Mainstreet in terms of IFRS 10 Consolidated Financial Statements. As per the shareholders agreement, AYO has the right to appoint directors and key management personnel that gives AYO the power to direct the relevant activities of Mainstreet.

SGT Solutions is a turnkey solutions integrator specialising in the design, supply, deployment, commissioning and maintenance of multi-technology telecommunication systems for mobile broadband and converged solutions through partnerships with its customers and technology providers.

The Company specialises in integrated leading-edge and comprehensive solutions across the entire spectrum of telecommunications. SGT Solutions has been operating in South Africa for the past 14 years.

Notes to the condensed audited consolidated interim financial statement (continued)

28. BUSINESS COMBINATIONS (continued)

At the end of the interim reporting period, the Group had not yet completed the accounting for the acquisition of Zaloserve and Mainstreet. In particular, the determination of all intangible assets is provisional as at the end of the interim reporting period due to Zaloserve and Mainstreet's operational assessments not yet being finalised.

The provisional fair values of the identifiable assets and liabilities are shown below:

Assets acquired and liabilities assumed	Zaloserve R'000	Mainstreet R'000	Total R'000
Property, plant and equipment	88 119	3 075	91 194
Intangible assets	31 829	7 098	38 927
Other financial assets	6 018	-	6 018
Finance lease receivables	8 155	-	8 155
Inventories	92 702	50 321	143 023
Trade and other receivables	166 888	51 225	218 113
Current tax receivable	804	765	1 569
Cash and cash equivalents	81 129	38 135	119 264
Deferred tax	(8 912)	18 018	9 106
Other financial liabilities	-	(3 814)	(3 814)
Finance lease liabilities	(24 826)	-	(24 826)
Deferred income	(26 439)	-	(26 439)
Trade and other payables	(239 421)	(81 517)	(320 938)
Current tax payable	(1 218)	-	(1 218)
Provisions	(6 266)	(15 530)	(21 796)
Total identifiable assets and liabilities	**168 562**	**67 776**	**236 338**
Non-controlling interests	(75 853)	(4 666)	(80 519)
Goodwill	69 135	26 773	95 908
Total purchase consideration	**161 844**	**89 883**	**251 727**
Total consideration is comprised of the following:			
Cash	148 500	60 000	208 500
Contingent consideration	13 344	29 883	43 227
Total purchase consideration	**161 844**	**89 883**	**251 727**
Net cash outflow on acquisition date			
Cash consideration paid	(148 500)	(60 000)	(208 500)
Cash acquired	**81 129**	**38 135**	**119 264**
Net cash paid (gained)	**(67 371)**	**(21 865)**	**(89 236)**

Non-controlling interests

The Group has elected to measure the non-controlling interests at a proportionate percentage of the recognised amounts of the acquirees' identifiable net assets.

28. BUSINESS COMBINATIONS (continued)

The non-controlling interests has been adjusted for the effect of loan funding provided by AYO to Mainstreet in order to fund the cash portion of the purchase consideration. Zaloserve had R13million of non-controlling interest at time of purchase.

Goodwill

Goodwill recognised on acquisition relates to the expected synergies and economies of scale expected from combining the entities which cannot be separately recognised as an intangible asset.

Contingent considerations

The contingent consideration arrangements for Zaloserve requires AYO to pay the former owners of Zaloserve for achieving certain earn-out targets for the 2019, 2020 and 2021 financial years up to a maximum undiscounted amount of R5.5 million for each financial year.

The contingent consideration arrangements for SGT Solutions requires AYO and AEEI (non-controlling shareholder) to pay the former owners of SGT Solutions for achieving certain earn-out targets for the 2020 and 2021 financial years up to a maximum undiscounted amount of R20 million for each financial year.

The fair value of the contingent consideration arrangements was calculated as the present value of the future expected cash flows. The calculation was based on the assumption that the earn-out targets will be met based on the best available forecast financial information at acquisition date and were discounted at the weighted average cost of capital of the relevant subsidiary.

Acquisition related costs

Acquisition costs of R3 million were recognised in profit or loss for the 2019 interim financial period.

Impact of the acquisitions on the Group results

Revenue and profits of the acquirees since acquisitions which have been included in the AYO Group results:

	Zaloserve R'000	Mainstreet R'000	Total R'000
Revenue	212 512	-	212 512
Profit after tax	10 668	-	10 668

Revenue and profits of the acquirees since acquisitions which would have been included in the AYO Group results had the business combinations taken place at the beginning of the 2019 interim financial period are indicated below. These values are based on best estimates as it is impractical to include these actual values from 1 September 2018.

	Zaloserve R'000	Mainstreet R'000	Total R'000
Revenue	929 398	-	929 398
Profit after tax	132 390	-	132 390

Notes to the condensed audited consolidated interim financial statement (continued)

29. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	Audited as at 28 February 2019 R'000	Audited as at 28 February 2018 R'000	Audited as at 31 August 2018 R'000

On 31 October 2018, the directors of Afrozaar Proprietary Limited ("Afrozaar") decided to sell Afrozaar's interest in Acacia Cloud Solutions Proprietary Limited ("Acacia"). There was an interested party on that date and the sale was expected to be completed before the end of 31 August 2019. The assets and liabilities of Acacia are presented within total assets and liabilities of the Software and consulting segment.

The following assets and liabilities were reclassified as held for sale in relation to Acacia as at 28 February 2019:

Non-current assets held for sale comprise of:			
Trade receivables	**1 046**	-	-
Liabilities directly associated with assets classified as held for sale comprise of:			
Trade and other payables	**1 160**	-	-

30. NON-CONTROLLING INTERESTS

Non-controlling interests	28 February 2019 R'000	28 February 2018 R'000	31 August 2018 R'000
Opening balance	20 294	34 752	34 752
Profit attributable to non-controlling interests	13 100	2 218	3 671
Dividends paid to non-controlling interests	-	(12 597)	(17 646)
Disposal of subsidiary	-	-	(483)
Business combinations	94 369	-	-
Closing balance	**127 763**	**24 373**	**20 294**

Notes to the condensed audited consolidated interim financial statement (continued)

31. CONDENSED SEGMENTAL ANALYSIS

	Segmental revenue			Segmental profit		
	Audited six month ended 28 February 2019 R'000	Audited six month ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000	Audited six month ended 28 February 2019 R'000	Audited six month ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000
Software and consulting	**32 490**	35 855	73 415	**12 943**	17 879	24 514
Security solutions	**141 229**	223 156	335 352	**57 624**	74 127	106 734
Unified communications	**37 989**	40 081	75 552	**14 694**	13 741	20 360
Healthcare	**53 134**	49 580	100 975	**19 060**	13 524	37 260
Managed services	**425 126**	-	53 599	**75 796**	-	9 091
Total	**689 968**	**348 672**	**638 893**	**180 116**	**119 271**	**197 959**
Administration and support services				**(189 490)**	(87 065)	(208 032)
Equity-settled-share-based payment expense				**-**	(11 809)	(11 809)
Listing cost expense				**-**	(6 831)	-
Other operating income				**2 683**	3 452	-
Other operating gains (losses)				**15 786**	-	(7 321)
Finance income				**158 059**	62 319	226 954
Finance costs				**(1 394)**	(1 324)	(1 754)
	689 968	**348 672**	**638 893**	**165 760**	**78 013**	**195 997**

Segment profit represents the gross profit earned by each segment without the allocation of central administration costs, fair value adjustments, interest income and finance costs. This is the measure that is reported to the chief operating decision-maker for the purposes of assessing the segment performance and resource allocation. The accounting policies of the reportable segments are the same as the Group's accounting policies. The Group's segments presented in this note are defined in the divisional performance section on pages 7 to 9.

31. CONDENSED SEGMENTAL ANALYSIS (CONTINUED)

Segmental assets	audited six month ended 28 February 2019 R'000	audited six month ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000
Software and consulting	**22 710**	42 965	20 719
Security solutions	**60 985**	121 109	73 793
Unified communications	**25 492**	22 362	22 304
Healthcare	**78 046**	66 992	63 860
Managed services	**5 024 522**	4 312 657	4 490 456
Total segmental assets	**5 211 755**	**4 566 085**	**4 671 132**
Unallocated*	**22 835**	**3 335**	**-**
Total consolidated assets	**5 234 590**	**4 569 420**	**4 671 132**
Segmental liabilities			
Software and consulting	**(8 014)**	(18 024)	(8 715)
Security solutions	**(37 516)**	(88 333)	(58 059)
Unified communications	**(17 099)**	(14 395)	(16 937)
Healthcare	**(29 471)**	(23 889)	(16 898)
Managed services	**(585 615)**	(47 369)	(101 544)
Total consolidated liabilities	**(677 715)**	**192 010**	**(202 153)**

**For the purpose of monitoring segment performance and resources allocations between segments all assets and liabilities are allocated to reportable segments other than deferred tax assets and liabilities.*

	Depreciation and amortisation			Additions to property, plant, equipment and intangible assets		
	Audited six months ended 28 February 2019 R'000	Audited six months ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000	Audited six months ended 28 February 2019 R'000	Audited six months ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000
Software and consulting	**399**	489	985	**197**	272	328
Security solutions	**270**	315	465	**181**	245	296
Unified communications	**216**	230	685	**5 688**	21	163
Healthcare	**601**	853	1 377	**4 603**	1 681	907
Managed services	**5 914**	7	388	**136 332**	58	5 173
Total	**7 400**	**1 894**	**3 900**	**147 001**	**2 277**	**6 867**

Notes to the condensed audited consolidated interim financial statement (continued)

32. FAIR VALUE INFORMATION

The Group does not have any financial instruments which are traded in an active market. Fair value is determined using valuation techniques as outlined below. Where possible, inputs are based on quoted prices and other market determined variables.

Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices (included in level 1) that are observable for the asset or liability (directly or indirectly).

Level 3: Inputs for the asset or liability that are unobservable.

There have been no transfers between levels in the current period.

The following table shows financial assets and liabilities for which fair value is disclosed at reporting date.

Financial instrument	Note	Fair value hierachy
Non-financial assets		
Intangible assets acquired through business combinations	9	Level 3
Financial assets		
Other financial assets - designated at fair value through profit/(loss)	13	Level 2
Trade receivables	17	Level 3[1]
Cash and cash equivalents	18	Level 1[2]
Foreign exchange contracts	13	Level 1
Investments at fair value through profit/(loss)	12	Level 3
Financial liabilities		
Other financial liabilities	20	Level 3
Trade payables	25	Level 3[1]
Bank overdraft	18	Level 1[2]
Derivatives - Put options over non-controlling interests	21	Level 3
Contingent consideration liability	24	Level 3

[1] The fair value of these instruments represents their carrying value, due to their short-term nature.

[2] The carrying value of cash is considered to reflect its fair value.

Notes to the condensed audited consolidated interim financial statement (continued)

32. FAIR VALUE INFORMATION (continued)

The following table shows assets and liabilities measured at fair value at reporting date.

	Fair value at 28 February 2019 R'000	Fair value at 28 February 2018 R'000	Fair value at 31 August 2018 R'000	Valuation method	Fair value hierachy
Financial assets					
Investments at fair value through profit or loss					
Bambelela Capital Proprietary Limited	**2 420**	-	-	Percentage of net asset value	Level 3
Other financial assets designated at fair value through profit or loss					
Cadiz Investment Enterprise Development Fund	**7 152**	747	6 890	Investment statement	Level 2
3 Laws Capital Proprietary Limited	**20 561**	71 048	88 827	Investment statement	Level 2
Oasis Proprietary Limited	**418 169**	-	-	Investment statement	Level 2
Nesa Capital Fund	**188**	-	-	Investment statement	Level 2
	446 070	71 795	95 717		
Intangible assets acquired through business combinations					
Brands	**12 830**	-	-	Relief from royalties and excess earnings method	Level 3
Distribution rights	**-**	9 876	-	Relief from royalties and excess earnings method	Level 3
Customer lists	**25 971**	-	-	Relief from royalties and excess earnings method	Level 3
	38 801	9 876	-		
Financial liabilities					
Written put options over non-controlling interests	**(14 795)**	-	-	Discounted cash flow	Level 3
Contingent consideration liabilities	**(43 226)**	-	-	Discounted cash flow	Level 3
	(58 021)	-	-		

Notes to the condensed audited consolidated interim financial statement (continued)

32. FAIR VALUE INFORMATION (continued)

Reconciliation of assets and liabilities measured at level 2 and 3

29 February 2019	Opening balance R'000	Additions R'000	Settlements/ Disposals R'000	Gains/(losses) in profit or loss R'000	Closing balance R'000
Financial assets					
Intangible assets acquired through business combinations					
- Brands	-	12 830	-	-	12 830
- Customer lists	-	26 097	-	(126)	25 971
	-	**38 927**	**-**	**(126)**	**38 801**
Investments at fair value through profit or loss					
Bambelela Capital Proprietary Limited	-	-	-	2 420	2 420
Other financial assets designated at fair value through profit or loss					
Oasis Proprietary Limited	-	405 307	-	12 862	418 169
Cadiz Investment Enterprise Development Fund	6 890	-	-	262	7 152
3 Laws Capital Proprietary Limited	88 827	401 734	(470 000)	-	20 561
Nesa Capital Fund	-	188	-	-	188
	95 717	**807 229**	**(470 000)**	**13 124**	**446 070**
Financial liabilities					
Written put options over non-controlling interests	-	(14 795)	-	-	(14 795)
Contingent consideration liabilities	-	(43 226)	-	-	(43 226)
	-	**(58 021)**	**-**	**-**	**(58 021)**

Notes to the condensed audited consolidated interim financial statement (continued)

32. FAIR VALUE INFORMATION (continued)

29 February 2018	Opening balance R'000	Additions R'000	Settlements/ Disposals R'000	Gains/(losses) in profit or loss R'000	Closing balance R'000
Financial assets					
Intangible assets acquired through business combinations					
Distribution rights	-	9 876	-	-	9 876
Other financial assets designated at fair value through profit or loss					
Cadiz Investment Enterprise Development Fund	747	-	-	-	747
3 Laws Capital Proprietary Limited	-	71 048	-	-	71 048
	747	**71 048**	**-**	**-**	**71 795**

31 August 2018	Opening balance R'000	Additions R'000	Settlements/ Disposals R'000	Gains/(losses) in profit or loss R'000	Closing balance R'000
Financial assets					
Other financial assets designated at fair value through profit or loss					
Cadiz Investment Enterprise Development Fund	747	6 141	-	2	6 890
3 Laws Capital Proprietary Limited	-	488 827	(400 000)	-	88 827
	747	**494 968**	**(400 000)**	**2**	**95 717**

Information about valuation techniques and inputs used to derive level 3 fair values

Equity Investments, Contingent Consideration Liability and NCI Put Options

The value of equity investments, contingent consideration liability and NCI put options is determined using a discounted cash flow technique. A capital asset pricing model is used in which the present value of expected cash flows of the subsidiary are determined. Key inputs used in measuring fair value of investments include projected financial forecasts, terminal growth rate and discount rate.

Key inputs used in measuring fair value of contingent consideration liabilities include current forecasts of the extent to which management believe performance criteria will be met, discount rates reflecting the time value of money and contractually specified earn-out payment. The following rates were used in the valuation models:

Weighted average cost of capital	10% - 20.7%
Risk free rate	6% - 8.75%
Beta	0.37% - 0.60%
Specific Risk Premium	3% - 6.5%
Debt - equity ratio	0% - 35%
Terminal growth rate	4.5%

32. FAIR VALUE INFORMATION (continued)

The value of the equity investment in Bambelela is driven by the Vunani Limited share price as all other inputs are fairly constant and predictable therefore a sensitivity analysis has been performed by increasing and decreasing the Vunani Limited share price by 10%. The potential effect of using reasonably possible alternative assumptions in the valuation, based on a change in the most significant input by 10% while holding all other variables constant, is shown in the following table:

	Share price	
Equity Investments	**Increase 10%**	**Decrease 10%**
Bambelela Capital Proprietary Limited ('000)	5 074	(5 074)

The value of the contingent consideration liability is driven by the weighted average cost of capital as all other inputs are fairly constant and predictable therefore a sensitivity analysis has been performed by increasing and decreasing the weighted average cost of capital by 1%. The potential effect of using reasonably possible alternative assumptions in the valuation, based on a change in the most significant input by between 1% while holding all other variables constant, is shown in the following table:

	Weighted average cost of capital	
Contingent consideration liability	**Increase 1%**	**Decrease 1%**
Sizwe Proprietary Limited ('000)	(387)	396
Mainstreet Group ('000)	(159)	163

The value of the NCI put options is driven by the risk free rate as all other inputs are fairly constant and predictable therefore a sensitivity analysis has been performed by increasing and decreasing the risk free rate by 1%. The potential effect of using reasonably possible alternative assumptions in the valuation, based on a change in the most significant input by between 1% while holding all other variables constant, is shown in the following table:

	Risk free rate	
NCI put options	**Increase 1%**	**Decrease 1%**
Mainstreet Group ('000)	(471)	491

The fair value adjustments are recognised directly in profit or loss. At period end there were no fair value gains or losses for the NCI put liability and contingent consideration liabilities. There has been no significant change in the inputs for investment (disclosed above) from the previous reporting period.

The fair value calculations are performed by Vunani corporate finance and reviewed by the Group's finance department and operations team on a yearly basis. The valuation reports are discussed with the investment committee and board of directors in accordance with the Group's reporting policies.

Notes to the condensed audited consolidated interim financial statement (continued)

33. RELATED PARTY

The Group entered into various transactions with related parties in the ordinary course of business which are shown below:

Entity name	Relationship
African Equity Empowerment Investments Limited	Holding Company
Zaloserve Proprietary Limited	Subsidiary
Kalula Communications Proprietary Limited	Subsidiary
Mainstreet 1653 Proprietary Limited	Subsidiary
Health System Technologies Proprietary Limited	Subsidiary
Sizwe Africa IT Group Proprietary Limited	Subsidiary
Puleng Technologies Proprietary Limited	Subsidiary
Afrinat Proprietary Limited	Fellow subsidiary
espAfrika Proprietary Limited	Fellow subsidiary
Premier Fishing SA Proprietary Limited	Fellow subsidiary
Tripos Travel Proprietary Limited	Fellow subsidiary
Exaro HST Proprietary Limited	Joint venture
Tamlalor Proprietary Limited	Joint venture
Digital Health Africa Proprietary Limited	Joint venture
Biton Music Productions Proprietary Limited	Common shareholding
3 Laws Capital Proprietary Limited	Common shareholding*
African News Agency Proprietary Limited	Common shareholding*
BT Communications Services South Africa Proprietary Limited	Common shareholding*
Independent News and Media Proprietary Limited	Common shareholding*
KimCo Trust	Common shareholding*
Prodirect Investments 112 Proprietary Limited	Common shareholding*
Sekunjalo Capital Proprietary Limited	Common shareholding*
Sekunjalo Health and Commodities Proprietary Limited	Common shareholding*
Sekunjalo Technology Group Proprietary Limited	Common shareholding*
Imagine Awards	Common shareholding*
Premfresh Seafoods Proprietary Limited	Common shareholding*
Prodirect Investments 112 Proprietary Limited	Common shareholding*
Sekunjalo Investment Holdings	Common shareholding*
Tripos Tourist Investments Proprietary Limited	Common shareholding*
Headset Solutions Africa Proprietary Limited	Common shareholding
SGT Solutions Proprietary Limited	Common shareholding
Global Command and Control Technologies Proprietary Limited	Subsidiary
Volt Business Solutions Proprietary Limited	Investment[1]
Bambelela Proprietary Limited	Investment[1]
SekPharma Proprietary Limited	Common Shareholding
Mustek Limited	Common Shareholding
Sizwe Asset Finance Proprietary Limited	Subsidiary
African News Agency Proprietary Limited	Common Shareholding

Notes to the condensed audited consolidated interim financial statement (continued)

33. RELATED PARTY (continued)

Vunani Corporate Finance	Common Shareholding
Sagamartha Technologies Limited	Fellow subsidiary
Win-A-Way Investments Proprietary Limited	Common Shareholding
Titantrade Proprietary Limited	Common Shareholding
Orleans Cosmetics Proprietary Limited	Fellow subsidiary
Vunani Group Proprietary Limited	Common Shareholding
Sekunjalo Properties Proprietary Limited	Common Shareholding
Software Tech Holdings Proprietary Limited	Subsidiary
Health Sysytems Technologies	Subsidiary
Ragna CC	Common major shareholder
Directors	Refer to directors report
Anthony Brown	Director
RA CHeary	Director of fellow subsidiary
C Snyman	Director of fellow subsidiary
Sello Rasethaba	Director
Clifford van der Venter	Director of fellow subsidiary

* These entities are controlled by shareholders that have more than 5% shares in AYO and African Equity Empowerment Investment Management ("AEEI").

[1] These entities were not assessed as controlled at year-end but are included for completeness purposes as they are connected to the Group.

33. RELATED PARTY (continued)

Significant related party transactions entered into include;

African News Agency Proprietary Limited ("ANA")

ANA was contracted to develop and integrate market intelligence services into AYO's brand development and marketing strategy. ANA also conducted media monitoring for reputation management on all platforms, prepare AYO's advertising campaigns including commercials to be broadcast, or other appropriate forms of AYO's messaging to the market. ANA will also provide event management and event marketing for AYO to host exhibitions and conferencing with industry leaders in the ICT sector

espAfrika Proprietary Limited ("espAfrika")

AYO entered into a co-sponsorship agreement with espAfrika to launch and showcase AYO at the Cape Town International Jazz Festival.

3 Laws Capital Proprietary Limited ("3 Laws")

AYO placed funds with 3 Laws during the current year under review. There was interest income received on the funds placed with 3 Laws. 3 Laws returned all AYO's funds placed under its management on 15 March 2019 and the interest earned on the funds on 18 March 2019.

African Equity Empowerment Investment Management ("AEEI")

AYO entered into a Management Agreement with AEEI which has been ongoing since 2017.

BT Communications Services South Africa Proprietary Limited ("BT")

AYO concluded an alliance agreement with BT on 12 December 2017. This agreement governed the relationship between BT and AYO in respect of the partnership between BT and AYO pertaining to providing BT's ICT services to BT's existing and target clients (being international companies headquartered in South Africa), with BT acting as the sub-contractor.

Independent News and Media Proprietary Limited ("Independent News and Media")

AYO paid Independent News and Media an amount of R9 million in the current financial year for a marketing and advertising campaign that AYO placed with Independent News and Media to promote AYO's brand in the market.

Tripos Tourist Investments Proprietary Limited ("Tripos")

Tripos is a travel agent company which is a subsidiary of AEEI. Various companies in the Group, including AYO, use Tripos to arrange travel and accommodation for its employees.

All travel and accommodation expenses incurred by AYO's representatives are subject to an internal procedure by AYO. The payments by AYO to Tripos comprise the cost of the travel, the accommodation and Tripos' professional fees. Tripos earns a market-related professional fee for providing these services to AYO.

Notes to the condensed audited consolidated interim financial statement (continued)

33. RELATED PARTY (continued)

The Group entered into various transactions with related parties in the ordinary course of business, which are shown below:

	Audited six months ended 28 February 2019 R'000	Audited six months ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000
Sales to related parties			
African Equity Empowerment Investments Limited	**-**	7	76
Premier Fishing SA Proprietary Limited	**-**	220	282
BT Communications Proprietary Limited	**1 306**	174	-
SekPharma Proprietary Limited	**52**	1 367	-
African News Agency Proprietary Limited	**110**	903	-
Sagarmartha Technologies Limited	**1 508**	-	-
Mustek Limited	**13**	-	-
Win-A-Way Investments Proprietary Limited	**28**	-	-
Sizwe Asset Finance Proprietary Limited	**389 404**	-	-
Loot Online Proprietary Limited	**-**	1 168	-
Emergent Energy Proprietary Limited	**-**	33	-
Loot Online Proprietary Limited	**-**	384	-
Health System Technologies Proprietary Limited	**-**	6 344	-
Sagarmatha Technologies Limited	**-**	8 682	-
Heavy Chef Proprietary Limited	**-**	104	-
Sekunjalo Investment Holdings	**-**	3	-
Sekunjalo Investments Limited	**-**	181	-
Purchases from related parties			
BT Communications Services South Africa Proprietary Limited	**145 866**	1 866	37 633
Kalula Communications Proprietary Limited	**92**	-	-
World Wide Creative Proprietary Limited	**-**	54	-
Premier Fishing SA Proprietary Limited	**-**	4 448	-
Tripos Tourism Investment Proprietary Limited	**-**	57	-
Mustek Limited	**22 718**	-	-
Sizwe Asset Finance Proprietary Limited	**98 856**	-	-
Titantrade Proprietary Limited	**106**	-	-
Health System Technologies Proprietary Limited	**118**	-	-
espAfrika Proprietary Limited	**3 956**	-	-
Independent Newspapers Proprietary Limited	**7 928**	-	-
Sizwe Africa IT Proprietary Limited	**507**	-	-
Orleans Cosmetics Proprietary Limited	**207**	-	-
Vunani Group Proprietary Limited	**9 888**	-	-
African Equity Empowerment Investments Limited	**1 650**	60 508	-
African News Agency Publishing Proprietary Limited	**-**	178	-

Notes to the condensed audited consolidated interim financial statement (continued)

33. RELATED PARTY (continued)

	Audited six months ended 28 February 2019 R'000	Audited six months ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000
Ragna CC	**-**	7	-
Richard G Cheary	**-**	24	-
Heavy Chef Proprietary Limited	**-**	116	-
Human resources services fees paid to related parties			
Premier Fishing SA Proprietary Limited	**133**	-	194
Advertising and marketing expenses paid to related parties			
African Equity Empowerment Investments Limited	**-**	-	346
African News Agency Proprietary Limited	**10 740**	-	-
Independent News and Media Proprietary Limited	**9 107**	93	335
espAfrika Proprietary Limited	**656**	-	3 051
Heavy Chef Proprietary Limited	**-**	125	-
Consulting fees paid to related parties			
Clifford Van der Venter	**74**	-	-
Sekunjalo Capital Proprietary Limited	**-**	263	400
Salim Young	**-**	341	341
Heavy Chef Proprietary Limited	**-**	50	-
Thunder Capital Proprietary Limited	**-**	6	-
Debtors Accrued Income			
Health System Technologies Proprietary Limited	**3 200**	-	-
Corporate finance service fees paid to related parties			
African Equity Empowerment Investments Limited	**-**	57 700	57 700
Management fees received from related parties			
3 Laws Capital Proprietray Limited	**6 243**	-	-
Health System Technologies Proprietary Limited	**2 205**	2 940	-
Kalula Communications Proprietary Limited	**858**	-	-
Management fees paid to related parties			
African Equity Empowerment Investments Limited	**3 208**	-	7 203
3 Laws Capital Proprietary Limited	**-**	-	1 263
Short term employee benefits parties			
Compensation to directors and other key management	**-**	-	21 483
Travel agency fees paid to related parties			
Tripos Travel Proprietary Limited	**1 546**	222	1 047
Commission paid to received from related party			
Health Systems Technologies Proprietary Limited	**2 152**	2 152	-
Cleaning Services paid to related parties			
Health System Technologies Proprietary Limited	**9**	-	-
Prodirect Investments 112 Proprietary Limited	**6**		

Notes to the condensed audited consolidated interim financial statement (continued)

33. RELATED PARTY (continued)

	Audited six months ended 28 February 2019 R'000	Audited six months ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000
Courier and Postage paid to related parties			
Health System Technologies Proprietary Limited	**2**	-	-
Professional Services fees paid to related parties			
Premier Fishing SA Proprietary Limited	**103**	24	82
Health System Technologies Proprietary Limited	**12**	-	-
Vunani Corporate Finance	**-**	-	-
Printing & Stationery paid to related parties			
Health System Technologies Proprietary Limited	**2**	-	-
Sizwe Africa IT Group Proprietary Limited	**1**	-	-
Travel & Accommodation paid to related parties			
Health System Technologies Proprietary Limited	**-**	-	-
Entertainment paid to related parties			
Health System Technologies Proprietary Limited	**2**	-	-
Imagine awards (Surve Philanthropies	**413**		
Sekunjalo Edu Jazz Awards	**3**		
Staff welfare paid to related parties			
Health System Technologies Proprietary Limited	**1**	-	-
Licenses paid to related parties			
Health System Technologies Proprietary Limited	**1**	-	-
Dividends paid to received from related parties			
African Equity Empowerment Investments Limited	**-**	-	-
Sekunjalo Medical Services	**-**	-	-
Software Technology Holdings Proprietary Limited	**-**	7 773	-
Puleng Technologies Proprietary Limited	**-**	1 938	-
Saratoga Private Equity	**-**	7 756	-
Recoveries received from related parties			
Afrinat Proprietary Limited	**-**	2 271	2 136
Rent paid to related parties			
Prodirect Investments 112 Proprietary Limited	**1 364**	-	-
Sekunjalo Properties Proprietary Limited	**1 000**	-	-
Win-A-Way Investments Proprietary Limited	**3 833**	-	-
Health System Technologies Propriety Limited	**31**	-	-
Biton Music Productions Proprietary Limited	**417**	390	1 006
Rent received from related parties			
Emergent Energy Proprietary Limited	**-**	18	-
Sub-lease to directors	**-**	-	228

Notes to the condensed audited consolidated interim financial statement (continued)

33. RELATED PARTY (continued)

	Audited six months ended 28 February 2019 R'000	Audited six months ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000
Interest received from related parties			
African Equity Empowerment Investments Limited	**508**	228	766
Kalula Communications Propriety Limited	**184**		
African Equity Empowerment Investments Limited	**-**	-	466
3 Laws Capital Proprietary Limited	**7 977**	-	18 827
Bambelela Proprietary Limited	**5 391**		
Interest paid to related parties			
African Equity Empowerment Investments Limited		695	
3 laws Capital Proprietary Limited		1 216	
Anthony Brown		609	
C. Snyman		6	
Conferences, Meetings & Seminars paid to related parties			
African Equity Empowerment Investments Limited	**-**	-	99
Independent Media	**904**	-	-
Other expenses paid to (receidved from related parties			
Win-A-Way Investments Proprietary Limited	**620**	-	-
Heavy Chef Proprietary Limited	**-**	24	-
Emergent Energy Proprietary Limited	**-**	16	-
ICT Related Expenses			
Premier Fishing Proprietary Limited	**21**	-	-
BT Communications Proprietary Limited	**43**	-	-
African Equity Empowerment Investments Limited	**-**	4	-
Sekunjalo Investment Holdings	**-**	2	-
Kalula Communications Proprietary Limited	**-**	-	143
Bank Charges			
African Equity Empowerment Investments Limited	**1**	-	-
Subscriptions			
Sekunjalo Investments Holdings	**1 538**	-	-
Sello Rasethaba	**3**	-	-
Levies			
Independent Media	**64**	-	-
Website Development Costs paid to related parties			
African Equity Empowerment Investments Limited	**-**	2	-
Business strategic costs			
Heavy Chef Proprietary Limited	**-**	30	-
Administration Fees			
African Equity Empowerment Investments Limited	**-**	1 555	7 203
Emergent Energy Proprietary Limited	**-**	1	-

33. RELATED PARTY (continued)

	Audited six months ended 28 February 2019 R'000	Audited six months ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000
Leasing charges			
Sizwe Africa IT Group	**1**	-	-
Funds placed with related parties for management			
3 Laws Capital Proprietray Limited	**-**	-	88 827
Provisions			
Puleng Technologies Proprietary Limited	**3 029**	-	-
Zaloserve Proprietary Limited	**13 535**	-	-
Assets/Office Equipment			
Kalula Communication Propriety Limited	**-**	-	-
Investments			
Puleng Technologies Proprietary Limited	**-**	-	-
Kalula Communications Propriety Limited	**-**	-	-
Zaloserve	**-**	-	-
3 Laws Capital	**27 243**	36 216	-
Bambelela Proprietary Limited	**2 420**	-	-
Sekunjalo Capital	**-**	35 000	-
Trade payables to related parties			
African Equity Empowerment Investments Limited	**28**	89	4 314
Kalula Communications Proprietary Limited	**29**	-	-
Sizwe Africa IT Proprietary Limited	**582**	-	-
BT Communications Proprietary Limited	**63 838**	923	-
Premier Fishing SA Proprietary Limited	**46**	24	-
Mustek Limited	**1 015**	-	-
Sizwe Asset Finance Proprietary Limited	**14 223**	-	-
Premfresh Seafoods Proprietary Limited	**121**	-	-
Tripos Travel Proprietary Limited	**90**	-	-
African News Agency Proprietary Limited	**175**	202	-
Independent Newspaper Proprietary Limited	**38**	-	-
Sello Rasethaba	**35**	-	-
Vunani Corporate Finance	**7 475**	-	-
Health Systems Technologies	**-**	43	-
World Wide Creative Proprietary Limited	**-**	2	-
Cornelis Johannes Truter	**-**	50	-
Thunder Capital Proprietary Limited	**-**	17	-
BT Communications Services South Africa Proprietary Limited	**-**	-	37 158
Premier Fishing SA Proprietary Limited	**-**	24	29
Tripos Travel Proprietary Limited	**-**	33	397
Premfresh Seafoods Proprietary Limited	**-**	121	121
3 Laws Proprietary Limited	**-**	-	1 263

Notes to the condensed audited consolidated interim financial statement (continued)

33. RELATED PARTY (continued)

	Audited six months ended 28 February 2019 R'000	Audited six months ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000
Trade receivables from related party			
BT Communications Services South Africa Proprietary Limited	**1 270**	18	-
Kalula Communications Proprietary Limited	**1 114**	-	-
Afrinat Proprietary Limited	**-**	5	25
Health System Technologies Proprietary Limited	**4 236**	1 699	-
SekPharma Proprietary Limited	**401**	283	-
Sizwe Asset Finance Proprietary Limited	**5 006**	-	-
African Equity Empowerment Investments Limited	**-**	1	-
BT Communications Proprietary Limited	**-**	923	-
Exaro HST Proprietary Limited	**5 354**	5 354	5 354
African News Agency Publishing Proprietary Limited	**-**	374	-
Premier Fishing SA Proprietary Limited	**12**	8	-
Loot Online Proprietary Limited	**-**	17	-
Heavy Chef Proprietary Limited	**-**	48	-
Sagarmatha Technologies Limited	**-**	1 525	-
Sekunjalo Investment Holdings	**-**	1	-
Sekunjalo Investment Limited	**-**	49	-
Loans receivable from related parties			
African Equity Empowerment Investments Limited	**5 098**	-	-
Sekunjalo Technology Group Proprietary Limited	**25**	-	-
KimCo Trust	**-**	-	-
African Equity Empowerment Investments Limited	**-**	4 611	1 820
Sekunjalo Health and Commodities Proprietary Limited	**-**	1	1
Digital Health Africa Proprietary Limited	**168**	169	169
Kalula Communications Propriety Limited	**3 812**	-	-
Anthony Brown	**143**	277	-
RA Cheary	**42**	-	-
C Snyman	**164**	153	-
Global Command and Control Technologies Proprietary Limited	**14 277**	-	-
Headsets Solutions Africa Proprietary Limited	**4 018**	-	-
Headsets Solutions Africa Proprietary Limited (Impairments)	**(4 018)**	-	-
Mainstreet 1653 Proprietary Limited	**60 000**	-	-
Volt Business Solutions Proprietary Limited	**10 847**	-	-
Saratoga Private Equity Proprietary Limited	**-**	73	-
Ragna CC	**30**	-	-
Kalula Communications Proprietary Limited - Minority shareholders	**-**	-	371

Notes to the condensed audited consolidated interim financial statement (continued)

33. RELATED PARTY (continued)

	Audited six months ended 28 February 2019 R'000	Audited six months ended 28 February 2018 R'000	Audited year ended 31 August 2018 R'000
Loans payable to related parties			
African Equity Empowerment Investments Limited	**-**	29 747	3 404
Sekunjalo Technology Group Proprietary Limited	**-**	1	1
KimCo Trust	**-**	700	615
Ragna CC	**-**	30	-
R Cheary	**-**	4	-
Other receivables			
SGT Solutions Proprietary Limited	**441**	-	-
Preference Shares			
Bambelela Proprietary Limited	**149 576**	-	-
Options		-	-
African Equity Empowerment Investments Limited	**14 795**	-	-
African Equity Empowerment Investments Limited	**(10 860)**	-	-
Prepayments			
African News Agency Proprietary Limited	**9 511**	-	-
Vunani Corporate Finance	**7 888**	-	-
espAfrika Proprietary Limited	**3 956**	-	-
Independent Newspapers Proprietary Limited	**9 041**	-	-
Independent Newspapers Proprietary Limited (Impairment to prepayment balance)	**(9 041)**	-	-

34. EVENTS AFTER REPORTING PERIOD

On 3 March 2019, AYO International Holdings acquired 51% of the issued share capital in Headsets Solutions Africa. The company distributes telephonic and communications hardware.

On 8 March 2019, AYO subscribed for 18.7% of the issued share capital in K2018010234 (South Africa) Proprietary Limited ("K2018") for R15 million.

On 1 March 2019 the Group acquired a 24% equity shareholding interest in GCCT for R1. Although AYO only has a 24% equity interest it has been determined that AYO controls GCCT in terms of IFRS 10 Consolidated Financial Statements. AYO has the power to direct the relevant activities of GCCT by virtue of the rights arising from its voting rights, combined with the rights arising from the shareholders' agreement to appoint the majority of the directors of the board. GCCT supplies microwave and related services to telecommunication network operators (public and private) in South Africa. The company offers full local radio frequency, network planning deployment, product support, field maintenance and logistic services.

34. EVENTS AFTER REPORTING PERIOD (continued)

The fair values of the identifiable assets and liabilities are shown below:

Assets acquired and liabilities assumed	R'000
Property, plant and equipment	7 155
Intangible assets	1 744
Inventories	16 166
Trade and other receivables	12 717
Other financial liabilities	(3 012)
Trade and other payables	(9 956)
Total identifiable assets and liabilities	**24 814**
Non-controlling interests	(1 326)
Gain on bargain purchase	(418)
Total	**23 070**
Total consideration is comprised of the following:	
Cash	23 070
Net cash outflow on acquisition date	
Cash consideration paid	(23 070)
Net cash outflow	**(23 070)**

On 8 March 2019, AYO subscribed for 18.7% of the issued share capital in K2018010234 (South Africa) Proprietary Limited ("K2018"). K2018 specialises in e-commerce for R15 million.

On 15 March 2019, AYO withdrew the remaining R20.6 million it placed with 3 Laws Capital Proprietary Limited.

On 19 March 2019, AYO entered into a joint venture with other joint venture partners and formed Tamlalor Proprietary Limited ("Tamlalor"). AYO provided loan funding of R100 million and obtained 50% in Tamlalor. Tamlalor was formed to invest in disruptive financial services technology as part of AYO's (go to market) strategy. Tamlalor is jointly controlled by AYO, Bambelela and Vunani Capital Proprietary Limited ("Vunani Capital"). Vunani Capital is the appointed investment manager.

On 20 March 2019, AYO granted Cortex an additional loan of R2.3 million.

AYO International Holdings, acquired 51% of Headsets Solutions Africa for R750 000. This transaction was effective on 1 March 2019. The Company distributes telephonic and communications hardware. AYO international holdings is incorporated in Mauritius. Its shares were transferred to the Company on 12 October 2018 for a consideration for a consideration of $100.

On 2 April 2019, AYO concluded an agreement to subscribe for 10% of the issued share capital in 4 Plus Technology Venture Fund Africa Proprietary Limited ("4 Plus"). 4 Plus has interests in digital media, artificial intelligence, software development and telecommunications. On 4 October 2019, the Company increased its ownership interest in 4Plus by a 5% increasing its ownership to 15% for R62.6 million. The Company invested a further amount R41 million in 4 Plus to further increase its ownership interest by another 5.1% total ownership rose to 20.1%.

34. EVENTS AFTER REPORTING PERIOD (continued)

In line with AYO's strategy to diversify its investments, it invested R100 million in the Oasis Bond Fund and R300 million in the Oasis Balanced Fund on 21 December 2018. AYO withdrew the funds placed with Oasis balanced and bond fund of R418 million on 22 May 2019 and received these funds on 25 May 2019.

AYO and a significant customer concluded an ICT Master Service Agreement in May 2018 whereby AYO would render to the significant customer a host of ICT services effective from 1 April 2018 for an indefinite period as long as the services are provided under the agreement. However, on 1 October 2019 this significant customer gave AYO six months' notice purporting to terminate the agreement. AYO disputed this significant customer's right to cancel the agreement. By virtue of the dispute AYO invoked the arbitrations provisions under the agreement. On 22 January 2020, AYO and the significant customer by mutual agreement reached a settlement in respect of the declared dispute. AYO will cease to provide the significant customer with ICT services on 31 July 2020.

On 31 August 2019 AYO invested an additional R3 million into Inyosi Fund to be utilised in the ICT companies.

On 13 September 2019, AYO acquired 43% of the share capital of Puleng from the minority shareholders for a consideration of R38.5 million and as from that date AYO owns 100% of Puleng.

On 17 October 2019 the Board of directors approved the Company concluding a binding offer to acquire 100% of the share capital of NSX Experts Proprietary Limited ("NSX") for a consideration of R500 000. A loan of R850 000 was extended to NSX. NSX is a company which provides cloud computing solutions. At the time of issue of the financial statements, AYO did not have sufficient information to provide the disclosures as required by IFRS3 Business Combinations as the initial accounting for the transaction was incomplete.

On 1 November 2019, the Company concluded an offer to acquire 55% of the share capital of VOX Spectrum Limited ("VOX") for an upfront consideration of R9.4 million and an earn-out of R10.7 million. The earn out amount is to be paid equally over a period 3 years provided that VOX achieves a minimum warranted net profit after tax (Warranted NPAT) of R7.3 million in the first year, R8.4 million in the second year and R9.7 million in the third year. In the event that VOX does not achieve the Warranted NPAT over the 3 year period then the earn out payments shall be pro-rata to the amount met as percentage of the Warranted NPAT. As at reporting date it is estimated that AYO will pay a maximum of R10.7 million for the earn-out.

VOX is a multinational company which designs, engineers, constructs, installs and maintains a broad range of voice data video and wireless infrastructure for clients worldwide. At the time of issue of the financial statements, AYO did not have sufficient information to provide the disclosures as required by IFRS 3 Business Combinations as the initial accounting for the transaction was incomplete due to conditional proceedings of the offer being finalised.

A gross final dividend of 16 cents per share was approved by the Board on 20 December 2019 in South African rand in respect of the year ended 31 August 2019. The dividend was paid on 20 January 2020 to shareholders recorded in the register of the Company at close of business on 13 January 2020.

Notes to the condensed audited consolidated interim financial statement (continued)

The following loans were advanced during the ordinary course of business from the end of the period 28 February 2018 to the reporting date of interim results; R43.2 million to Kalula Communications Proprietary Limited, R83 million to Global Command and Control Technologies Propriety Limited, R30 million to SGT Solutions, R23 million to AYO International Holdings, R10.7 million of this amount is held by Computer Aided Telephony Systems Limited for the purchase of Plantronics products, R100 million to Tamlalor Proprietary Limited, R3.5 million to Futuretell Proprietary Limited, R26 million to Sizwe and R4.5 million was issued as Supplier Development Loans.

Mr Khalid Abdulla has been appointed as the deputy executive chairman of AYO, effective 12 March 2020.

The directors are not aware of any other material facts or circumstances which occurred between the reporting date and the date of this report that would require any adjustments to the audited interim results.

35. CONTINGENT LIABILITY

Litigation

On 31 May 2019, AYO received a summons issued by the Public Investment Corporation ("PIC") and Government Employees Pension Fund ("GEPF"). The summons seeks a declaration that the subscription agreement entered into by the PIC with AYO be declared unlawful and set aside and that AYO be ordered to pay the PIC R4.3 billion, together with interest of 10.25% per annum accrued from 22 December 2017 to date of final payment.

AYO has instructed its attorneys to oppose the action.

In the event that the PIC and GEPF are successful in their court application, management believes that they will be able to reconfigure the Company, into a pure investment holding company. AYO has several subsidiaries that have been in existence for more than 20 years, delivering both satisfactory trading performance and dividend income for AYO. These subsidiaries are expected to continue trading at an optimal level independent of the PIC funding.

There is a pending defamation claim by Magda Wierzycka against AYO and seven others in the Western Cape High Court. The claim is for an amount of R3 million. AYO is contesting the claim. No provision has been made in respect of this matter as it has not yet been heard before the courts.

SUPPLEMENTARY INFORMATION

Following the completion of the audit for the financial year ended 31 August 2019 and a review by management, management has identified certain corrections to the unaudited interim results for the six months ended 28 February ("2019 interim results") which arose as a result of facts and circumstances that became known during the audit but existed before 28 February 2019, incorrect application of judgements and accounting errors. Below is the details of the restatements to the previously published 2019 unaudited interim results.

Consolidated Statement of Profit or Loss and Other Comprehensive Income (extract) for the period ended 28 February 2019.

	Reference	Previously reported Unaudited 29 February 2019 R'000	Adjustments relating to the consolidation of Zaloserve R'000	Reclassifications R'000	Adjustments R'000	Audited 29 February 2019 R'000
Revenue	i	674 509	17 417	-	(1 958)	689 968
Cost of sales	i	(469 153)	(13 842)	-	(26 857)	(509 852)
Other operating income	ii	1 007	-	-	1 676	2 683
Other operating gains	iii	324	-	18 217	(2 755)	15 786
Other operating expenses	iv	(145 546)	(2 809)	-	(41 135)	(189 490)
Fair value gains		18 217	-	(18 217)	-	-
Finance income	v	154 866	-	-	3 643	158 059
Finance costs	-	(1 091)	(303)	-	-	(1 394)
Income from equity accounted investments	vi	33 578	-	-	(33 578)	-
Taxation	vii	(52 931)	(384)	-	(893)	(54 208)

Basic and diluted headlines per share has been restated as a result of the error. The impact on headlines per share is as follows:

	Previously reported unaudited at 28 February 2019	Adjustments at 28 February 2019	Restated audited at 28 February 2019
Headline earnings per share (cents)			
- Basic	56,67	(28.11)	28.56
- Diluted	56,67	(28.11)	28.56

Notes to the restated group interim results

AYO acquired Zaloserve on 19 December 2018. In the previously reported unaudited results ("previous results") there was an error in the extraction of the income and expenses of Zaloserve Group for the 12 days from 19 December 2018 to 31 December 2019 which resulted in revenue being understated by an amount of R17.4 million, cost of sales being understated by an amount of R13.8 million, operating expenses being understated by an amount of R2.8 million, finance costs being understated by an amount of R0.3 million and income tax expense being understated by an amount of R0.3 million.

i. In the previous results, the cost of sales in an AYO subsidiary, Puleng was understated by an amount of R6.5 million as a result of cost of sales expenses being recorded in the incorrect period and costs of sales for a subsidiary, Kalula was overstated by an amount of R1 million as a result of goods in transit not being accounted for in cost of sales. AYO Company had an audit adjustment of R21.4 million in the cost of sales which was reversed out due to processing in the incorrect period. The adjustment of R26.9 million in cost of sales is comprised of the Puleng adjustment to increase cost of sales of R6.5 million. The Kulula adjustment to decrease cost of sales of R1 million and the AYO company adjustment to increase cost of sales of R21.4 million.

ii. There is an amount of R1.7 million which was erroneously accounted for as fair value gains instead of dividend income. This amount has been reclassified to other income in the audited results.

iii. The fair value gains of R18.2 million in the previous results were reclassified to other operating gains in the audited results.

    There is an amount of R3.6 million which was erroneously accounted for as fair value gains instead of interest income in the previous results. This amount has been reclassified to interest income in the audited results.

    A fair value gain on the investment in Bambelela of R2.4 million has been recognised in the audited results in accordance with IFRS 9. This amount has been included in other operating gains in the audited results.

    There is a fair value gain on a forward exchange contract of R0.2 million which has been recognised in the audited results.

    The adjustment of R2.7 million is comprised of the dividend income of R1.7 million as noted in ii above, reclassified from other operating gains to other income, the interest income of R3.6 million reclassified from other operating gains to interest income, the fair value gain on investment of R2.4 million recognised in other operating gains and the fair value gain on a forward exchange contract of R0.2 million recognised in the audited results.

iv. There is an amount of R6.6 million of work in progress that was recorded in the previous results and was impaired in the audited results.

An audit fee expense of R0.8 million was accrued for in the audit results which related to the interim audits. This amount was not accrued for in the previous results.

There is an impairment amount of R4.8 million which has been recognised on the loan to Headset Solutions Africa Proprietary Limited ("Headsets Africa") in the audited results.

There is an amount of R14.4 million which has been recognised as a financial assets loss allowance in relation to a prepayment to a related party of R9 million and in relation trade debtors of R5.4 million in the audited results.

There is an amount of R1.4 million which has been recognised to adjust the amount payable in terms of contingent consideration arrangement for Puleng in the audited results.

There is an adjustment to increase expenses by an amount of R5.0 million as a result of expenses recognised in the incorrect period.

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The adjustment of R33 million is comprised of the work in progress impairment of R6.6 million, the accrual for audit fees of R0.8 million, the impairment of Headsets Africa loan of R4.8 million, the loss allowance of R14.4 million, the adjustment of R1.4 million to contingent considerations for Puleng and the adjustment to expenses of R5.0 million recognised in the audited results.

v. There an interest income amount of R5.1 million relating to 3 Laws which was reversed in the audited results.

   There is accrued interest income of R5.1 million which was not recognised in the previous results.

   The adjustment of R3.6 million for interest income is comprised of the amount reclassified to interest income of R3.6 million as per note iii above and the reversal of interest of R5.1 million and the recognition of accrued interest of R5.1 million in the audited results.

vi. In the previous results, AYO accounted for its investment in Bambelela as an associate and therefore recognised its share of income from the associate of R34 million. However subsequently, the directors have concluded that AYO has no significant influence over Bambelela even though it has 32% of the voting rights. This is because AYO has no representation on the board of directors and AYO does not participate in any financial or operating policy decision in Bambelela. The voting rights only provide AYO with limited decision-making powers. Consequently, the investment has been accounted for in accordance with IFRS 9 at fair value through profit for loss ("FVTPL") and a fair value gain of R2.4 million has been recognised as at 28 February 2019 and the previously recognised income from associate of R34 million has been reversed in the audited results.

vii. Due to the errors identified above and audit adjustments raised the taxation expense was understated by an amount of R3.2 million.

SUPPLEMENTARY INFORMATION (continued)

Consolidated Statement of Financial Position (extract) as at 28 February 2019.

	Reference	Previously reported Unaudited 29 February 2019 R'000	Adjustments to the provisional fair values of the identifiable assets and liabilities for Zaloserve R'000	Acquisition of SGT Solutions R'000	Reclassifications R'000	Adjustments R'000	Audited 29 February 2019 R'000
Non-current assets							
Property, plant and equipment		95 225	-	3 076	-	-	98 301
Goodwill		91 235	13 144	26 773	-	-	131 152
Intangible assets		78 047	(19 029)	7 098	-	-	66 116
Investments	ix	155 750	-	-	(155 750)	2 420	2 420
Investments in associates	ix	37 178	-	-	-	(37 178)	-
Loans receivable	x	82 000	-	(60 000)	149 576	(16 577)	154 999
Loan to related party companies		2 170	-	-	-	192 374	19 544
Other financial assets	ix	3 098	-	-	6 173	-	9 271
Deferred tax	xi	4 943	(4 342)	18 018	-	4 216	22 835
Current assets							
Inventories	xii	92 478	-	50 321	-	(5 514)	137 285
Loans receivable	x	17 002	-	-	15 183	(14 800)	17 385
Trade and other receivables	xiv	525 190	-	51 225	(34 745)	(34 812)	506 858
Other financial assets	xv	32 634	-	-	418 169	(6 471)	444 332
Finance lease receivables	xxi	418	-	-	861	-	1 279
Current tax receivable		1 408	-	765	-	-	2 173
Investments		418 169	-	-	(418 169)	-	-
Cash and cash equivalents		3 578 896	-	38 135	-	-	3 617 032
Assets classified as held for sale	xvi					1 046	1 046
Equity							
Reserves		11 785	-	(14 795)	-	-	(3 010)
Retained income	xvii	84 220	-	-	-	(96 508)	(12 288)
Non-controlling interest	xviii	139 228	(24 261)	4 666	-	8 130	127 763

SUPPLEMENTARY INFORMATION (continued)

Non-current liabilities							
Finance lease liabilities	xv	9 419	-	-	(19)	1 087	10 487
Derivatives		-	-	14 795	-	-	14 795
Contingent consideration liability	xxii	-	-	29 883	7 843	-	37 726
Employee benefit obligation		-	-	3 814	-	-	3 814
Current liabilities							
Trade and other payables	xiv	363 538	(512)	81 517	-	29 173	473 716
Deferred income		10 009	-	2 580	-	541	13 130
Current tax payable	xx	65 670	828	-	(34 745)	5 172	36 925
Provisions		38 368	(206)	15 530	(24 431)	-	29 261
Finance lease liabilities	xxi	-	14 465	-	19	(1 078)	13 406
Contingent consideration liability	xxii	-	-	-	5 500	-	5 500
Liabilities directly associated with assets classfied as held for sale	xvi	-	-	-		1 160	1 160

Notes to the restated group interim results

In the previously reported results AYO included the provisional fair values of the acquired assets and liabilities of Zaloserve. The fair values of intangible assets, trade payables and current tax liabilities was adjusted in the audited interim results of AYO which also resulted in the adjustment of Goodwill, deferred tax and non-controlling interest.

In the previously reported results AYO had erroneously concluded the acquisition date for SGT Solutions as 1 March 2019 and as a result SGT Solutions was not consolidated into the previously reported results. The correct acquisition date for SGT Solution is 28 February 2019, therefore SGT Solutions has been consolidated into the audited interim results as at that date.

ix, x. The Bambelela preference shares were erroneously accounted for as a non-current investment instead of a loan receivable in the previously reported results. The amount of R149.6 million in relation to the Bambelela preference shares has been correctly reclassified to non-current loans receivable in the audited interim results.

ix. The amount receivable from Cadiz Life Investment Enterprise Development Fund ("Cadiz") of R6.2 million was erroneously accounted for as a non-current investment instead of a non-current other financial asset in the previously reported results. The amount of R6.2 million in relation to Cadiz has been correctly reclassified to non-current other financial assets in the audited interim results. The total reclassification in investments of R155.8 million is comprised of the preference shares reclassification of R149.6 million and the Cadiz reclassification of R6.2 million.

xiv, xx There is an amount of R34.7 million which was erroneously accounted and included as part of value added taxation in the previously reported results instead of as part of current tax payable. This amount has been correctly reclassified to current tax payable in the audited interim results.

xv The funds placed with Oasis of R418 million were erroneously accounted for as a current investment instead of current other financial assets in the previously reported results. The amount of R418 million in relation to the Oasis receivable has been correctly reclassified to other financial assets in the audited interim results.

xxi There is an amount of R0.8 million which was erroneously accounted and included as part of finance lease liabilities in the previously reported results instead of as part of finance lease assets. This amount has been correctly reclassified to finance lease assets in the audited interim results. Reclassification of 1 087 from current liabilities to non-current liabilities

xxii The contingent consideration liability for Zaloserve of R13.3 million was erroneously accounted for as a provision in the previously reported results. An amount of R5.5 million has been correctly reclassified to a current contingent consideration liability of R5.5 million and an amount of R7.8 million has been correctly reclassified to a non-current contingent consideration liability in the audited interim results.

Adjustments

ix In the previous results, AYO accounted for its investment in Bambelela as an associate and therefore recognised an investment in associate balance of of R37 million. However subsequently, the directors have concluded that AYO has no significant influence over Bambelela even though it has 32% of the voting rights. Consequently the investment has been accounted for in accordance with IFRS 9 as an investment at fair value through profit for loss ("FVTPL") and the investment in associate balance of R37 million has been reversed in the audited results and an investment balance at fair value of R2.4 million has been recognised in the audited results.

x There was a loan receivable amount of R14.8 million which was erroneously accounted as a non-current loan receivable in previous results instead of as a current loan receivables. There was a loan receivable amount of R2.8 million which was erroneously accounted as part of trade and other receivables in previous results instead of as a current loan receivable. This amount has been correctly reclassified to current loan receivables in the audited interim results. There is an impairment amount of R0.8 million which has been recognised on the loan to Headset Solutions Africa Proprietary Limited ("Headsets Africa") in the audited results.

The total adjustment to loans receivable of R2.1 million is comprised of the reclassification of R2.8 million and the impairment of R0.8 million mentioned above.

xi The total adjustment to deferred tax of R4.2 million is as a result of errors in the calculation of deferred tax in the previous results.

SUPPLEMENTARY INFORMATION (continued)

xii. There is an amount of R6.6 million of work in progress ("WIP") that was recorded in the previous results and was impaired in the audited results. There is an amount of R1.1 million for goods in transit of Kalula which has been accounted for in the audited results.

xii. The total adjustment to inventory of R5.5 million is comprised of the WIP impairment of R6.6 million and the recognition of goods in transit of R1.1 million mentioned above.

xv. There is an amount of R14.4 million which has been recognised as a financial assets loss allowance in relation to a prepayment to a related party of R9 million and in relation trade debtors of R5.4 million in the audited results.

ix. There is an amount of R10 million which has been provided for in relation to 3 Laws in the audited results.

ix. There is a reclassification of R10.1 million between trade debtors and trade payables in the audited results.

The total adjustment to trade receivable of R34.5 million is comprised of the loss allowance of R14.4 million, 3 Laws provision of R10 million and the reclassification of R10.1 million mentioned above.

There was an interest income amount of R6.6 million relating to 3 Laws which was reversed in the audited results resulting in a decrease in other financial assets.

xv. There was an interest income amount of R0.2 million which has been reclassified from finance lease liabilities to other financial assets in the audited results.

xv. The total adjustment to other financial assets of R6.4 million is comprised of the interest reversal of R6.6 million and the reclassification of R0.2 million mentioned above.

xvi. On 31 October 2018, the directors of Afrozaar Proprietary Limited ("Afrozaar") decided to sell Afrozaar's interest in Acacia Cloud Solutions Proprietary Limited ("Acacia"). There was an interested party on that date and the sale was expected to be completed before the end of 31 August 2019 therefore Acacia has been accounted for as a non-current asset held for sale in the audited results.

The net effect of the adjustments identified above is an increase in profit attributable to shareholders of AYO and retained income of R90.6 million and the net effect of non-controlling interest is a decrease of R8.1 million.

xix. There is an accrual of R6.5 million which has been accounted for in the audited results in relation to cost of sales for Puleng.

There is an accrual of R0.8 million which has been acounted for in the audited results in relation to interim audit fees for AYO.

xiv, xix There is a reclassification of R10.1 million between trade debtors and trade payables in the audited results.

SUPPLEMENTARY INFORMATION (continued)

xix. The total adjustment to trade payables of R21.2 million is comprised of the cost of sales accrual of R6.5 million, audit fee accrual of R0.8 million expense accruals of R3.9 million and the reclassification of R10.1 million mentioned above.

xx. The current tax payable balance was understated by an amount of R7.5 million due as a result of the net effect of errors identified in the statement of profit or loss.

Dividends

Declaration of cash dividend

Notice was given that an interim gross dividend of 35 cents (2018: nil) per share has been declared out of income reserves in respect of ordinary shares of no par value for the six months ended 28 February 2019.

A dividend withholding tax of 20% or 7 cents per share will be applicable, resulting in a net dividend of 28 cents per share, unless the shareholder concerned is exempt from paying dividend withholding tax or is entitled to a reduced rate in terms of an applicable double-tax agreement.

The issue share capital at the declaration date is 344 125 194 ordinary shares.
The income tax number of the Company is 9389007031.

Dates of importance:

Last day to trade in order to participate in the dividend	Tuesday, 23 April 2019
Shares trade ex dividend	Wednesday, 24 April 2019
Record date	Friday, 26 April 2019
Payment date	Monday, 29 April 2019

Share certificates may not dematerialised or rematerialised between Wednesday, 24 April 2019, and Friday, 26 April 2019, both days inclusive.

Appreciation

We wish to thank our employees, Group executives, management, our Board as well as our strategic partners, stakeholders and business partners for their loyalty and dedication in contributing to the success of the Group.

Dr Wallace Mgoqi
Independent Non Executive Chairman

Mr Howard Plaatjes
Chief Executive Officer

Cape Town
08 April 2020

DIRECTORS

W Mgoqi (Chairman) *#; K Abdulla (Deputy Executive Chairman) H Plaatjes (Chief Executive Officer); IT Bundo (Chief Financial Officer); V Govender (Corporate Affairs Director); R Mosia*#; A B Amod*#; S Rasethaba*#; D George*#; Advocate N A Ramatlhodi*# ; I Amod*#; * Non-Executive # Independent

Company secretary:	Wazeer Moosa
Registered address:	Quay 2nd Floor Old Warehouse Building, Black River Park No. 2 Fir Street, Observatory, Cape Town 7925
Email:	Wazeer.moosa@ayotsl.com
Transfer secretaries:	Link Market Services South Africa Proprietary Limited 13th Floor, 19 Ameshoff Street, Braamfontein, 2001
Auditors:	BDO South Africa Incorporated 6th Floor, 123 Hertzog Boulevard, Cape Town, 8001 (PO Box 2275, Cape Town, 8000)
Joint Sponsors:	Vunani Proprietary Limited 151 Katherine Street, Vunani Office Park, Vunani House Sandown Merchantec Capital Proprietary Limited 13th floor, Illove Point, 68 Mrloille Road, Illovo, Sandton, 2196

Glossary of terms and acronyms

AFS	Annual Financial Statements
AYO	AYO Technology Solutions Limited
Bambelela	Bambelela Capital Proprietary Limited
Board	The Board of directors
B-BBEE	Broad-Based Black Economic Empowerment
BDO	BDO South Africa Incorporated
Dr.	Doctor
EBITDA	Earnings before interest, tax, depreciation and amortisation
Company	AYO Technology Solutions Limited
Companies Act	Companies Act of South Africa (No.71 of 2008)
Directors	Companies Act of South Africa (No.71 of 2008), section 66
EPS	Earnings per share
FVTPL	Fair Value through Profit or Loss
GCCT	Global Command and Control Technology Proprietary Limited
GEPF	Government Employees Pension Fund
Group	AYO Technology Solutions Limited, its subsidiaries and joint ventures
IFRS	International Financial Reporting Standards
HST	Health Systems Technologies Proprietary Limited
JSE	Johannesburg Stock Exchange
Kalula Communications	Kalula Communications Proprietary Limited
NCI	Non-controlling interest
Mainstreet	Mainstreet 1653 Proprietary Limited
HEPS	Headline earnings per share
Inc.	Incorporated
PIC	Public Investment Corporation
PAYE	Pay as you earn
Puleng	Puleng Technologies Proprietary Limited
SARS	South African Revenue Service
SDL	Skills development levy
SLA	Service level agreement
SGT Solution	SGT Solutions Proprietary Limited
Sizwe	Sizwe Africa IT Proprietary Limited
Software Tech Holdings	Software Tech Holdings Proprietary Limited
Tamlalor	Tamlalor Proprietary Limited
Zaloserve	Zaloserve Proprietary Limited